

The Politics of Airpower in US-China Relations, 1928-1941

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Abstract

This thesis looks at the politics of airpower in US-China relations in 1928-1941, in particular the question of aviation assistance to the Nationalists. Since World War II, American historians have asserted that before Pearl Harbor, Americans helped the Chinese to improve their air force to resist Japan. The thesis finds, however, that trade not aid dominated the approach of the US government and private individuals towards China and that Chiang wanted an air force to use against his internal enemies, not Japan. Moreover, the Roosevelt Administration consistently treated China's airpower needs as secondary to those of Britain or the US military.

In the interwar years, China and the United States had less to do with each other than with other allies. In 1933-1935 Chiang preferred an official Italian air mission to an unofficial American one. After the outbreak of the Sino-Japanese war in 1937, Stalin sent massive air assistance to China which eclipsed the influence of American aircraft salesmen and advisers. In 1938-1939 President Roosevelt promoted the sale of aircraft to Britain and France, believing that large modern air fleets would deter Germany from aggression against its European neighbours. China was far down his list of priorities.

In 1939 the Administration adopted a policy of promoting aircraft sales to China which was comparable to that adopted for its European allies. By encouraging aircraft sales to the Nationalists, the Administration hoped to boost China's resistance so that Japan would remain 'bogged down' in China instead of attacking the Asian colonies of European allies. In the winter of 1940-1941, the formation of a mercenary air force, the American Volunteer Group (AVG) was associated with this strategy. As this thesis reveals, British and Chinese officials decided to base the AVG in Burma to enhance the air defence of British territory in the Far East. Thus the AVG became unofficial aid primarily for Britain.

Soon after Pearl Harbor, the American press began to treat the AVG as symbol of Sino-American friendship. The group became known as the Flying Tigers and the original reasons for its formation were buried under layers of propaganda which have distorted the historical record ever since.

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Abbreviations

ANY	Arthur Nichols Young Papers (United States)
AR	Army Reserve (United States)
ASMAE	Archivio Storico del Ministero degli Affari Esteri (Italy)
BAC	British Air Commission
BGLA	Bruce Gardner Leighton Archive (United Kingdom)
CAB	Canton Air Bureau
CAF	Chinese Air Force
CAMCO	Central Aircraft Manufacturing Company
CBI	China Burma India Theatre
CCP	Chinese Communist Party
CDF	Central Decimal File US Department of State
CDS	China Defense Supplies (United States)
CH	Chinese (currency)
CNAC	Chinese National Aviation Corporation
CoAA	Commission on Aeronautical Affairs
CUL	Cornell University Library (United States)
C-W	Curtiss-Wright
<i>CWR</i>	<i>China Weekly Review</i> (Shanghai)
FDR	Franklin Delano Roosevelt Presidential Library and Museum (United States)
<i>FRUS</i>	Foreign Relations of the United States, Diplomatic Papers, (Washington DC: Historical office, Bureau of Public Affairs, U.S. Department of State, 1955-1958)
GCW	George Conrad Westervelt Papers (United States)
HISU	Hoover Institute, Stanford University (United States)
IAF	International Air Force (Britain)
KAF	Kwangtung Air Force
KMT	Kuomintang
JAAHS	<i>Journal of the American Aviation Historical Society</i>
LOC	Library of Congress, (United States)
MAP	Ministry of Aircraft Production (Britain)

McHugh	James M. McHugh Papers, CUL (United States)
Morgenthau	The Morgenthau Diaries
NAA	National Aviation Association (China)
NARA	National Archives and Records Administration (United States)
<i>NCH</i>	<i>North China Herald</i> (Shanghai)
<i>NYT</i>	<i>New York Times</i>
ONI	Office of Naval Intelligence (United States)
PC	Private Collection
PPC	Peace Preservation Corps
RAF	Royal Air Force
TMC	Tracey Minter Collection (United States)
TNA	The National Archives (United Kingdom)
USAAC	United States Army Air Corps
USMC	United States Marine Corps
USN	United States Navy
UTC	Universal Trading Corporation (United States)
UVA	University of Virginia Library Special Collections (United States)

Introduction

When the West brought its commercial enterprise and ambitions to China, ‘a modern fringe was stitched along the hem of an ancient garment’ as the British historian R.H. Tawney observed in 1932.¹ One strand of that fringe was aviation. From 1914 onwards, warlords used planes for civil wars rather than civil aviation. Lacking an industrial base, they relied on imports for the ‘air bureaus’ attached to their armies. Overseas Chinese and a few foreign salesmen supplied the factions in China’s civil wars through the 1920s. After the establishment of the Kuomintang (KMT) government at Nanking in 1928 western aircraft brokers increasingly focused on sales to the Nationalists. As airpower became more important to China’s military leaders, so did their ties with foreign suppliers.

This thesis looks at the relationship which evolved between the United States and China in the field of military aviation in 1928-1941, a period which ranges from the founding of the Nanking regime to the eve of Pearl Harbor. It calls into question the traditional American narrative on this topic which has emphasized unofficial air assistance provided by Americans to the Nationalists in the interwar years. Since World War II, popular as well as academic historians have insisted that the Nationalists relied on the United States for equipment and expertise to improve their air force. A wide range of primary sources, however, suggest the reverse: Americans depended on the regime for sales and jobs which were better than those available at home in the United States during the Depression.

The thesis makes an original contribution to international business history by arguing that in 1928-1941, trade not aid dominated American interest in China’s aviation affairs. Through a close examination of archival material, it traces the commercial as well as diplomatic motives which induced private agents as well as US government officials to promote aircraft sales to the Nationalists. It also reassesses the results of American efforts to supply and train the Chinese Air Force (CAF). American aircraft firms such as Curtiss-Wright (C-W) provided the majority of planes to the CAF in 1933-1937 but American instructors met resistance from the Chinese when trying to impose their

¹ R.H.Tawney *Land and Labour in China* (London, 1932), p.13

standards on the CAF. Countless military attaché reports reveal Sino-American tensions over discipline and training. Chiang and his military advisers commanded an air force which could overwhelm his internal opponents because they lacked any air resources but was not fit for the purpose of fighting a war with Japan: the CAF virtually collapsed in 1937 during the first four months of the Sino-Japanese war.

In 1937-1939 Stalin provided a large aviation mission which effectively took charge of China's Air Ministry, the Commission on Aeronautic Affairs (CoAA) and directed CAF operations. While some CAF pilots participated in air combat, Russian aviators accounted for the lion's share of offensives against Japanese supply lines. By 1939 Chiang was still an airpower advocate but he had lost all confidence in the air force and its administration. In 1940 when Stalin started to withdraw Russian aviators from China, Chiang sought cooperation from both the United States and Britain to replace Soviet air aid: he had no further interest in trying to revive the CAF or channelling resources into the corrupt and ineffectual CoAA.

This thesis makes an original contribution to diplomatic history by examining the formation of a mercenary air force, which in August 1941 became known as the American Volunteer Group (AVG) and after Pearl Harbor as the Flying Tigers. Documents from the National Archive as well as US sources suggest a rationale for founding the AVG which diverges markedly from the explanations of American historians. Whereas they have described the AVG as the prelude to the official US airpower programme for China during World War II, this thesis sees a link between the origins of the project and Roosevelt's foreign policy dilemmas in the winter of 1940-1941. American historians have not recognized what a radical departure the AVG project was from US Far East policy in the interwar period: the decision to send a hundred combat planes and military personnel to the Far East was 'not a 'thing lightly arrived at' as US Treasury Secretary Henry Morgenthau Jr. put it.² Therefore the thesis has started from the premise that exceptional circumstances induced President Roosevelt to embark on an unprecedented plan to project American airpower into China. Therefore the reasons for his decisions must make sense within the context of

² Library of Congress (LOC), *The Morgenthau Diaries Prelude to War 1940-1942* (Morgenthau), Reel 33, Vol.344, 'Re: Chinese Purchasing program January 2, 1941', pp.57-59

US foreign relations as a whole : the Administration's support for European allies and the allocation of scarce supplies of aircraft to the US military as well as foreign clients. Furthermore the explanation must take into full account the role of Americans who had been active in China's aviation affairs during the previous decade.

In order to draw a clear distinction between the arguments presented in this dissertation and the traditional narrative about American air aid for China, it is necessary first to review the key works in chronological order which have touched on the politics of airpower between the United States and China in the interwar period.

Literature Review

Scholarly works in English on China's aviation have proved to be few and far between. As Frank Dikötter recently commented, 'planes are rarely mentioned in accounts of the Republican period, even if China enthusiastically participated in the growth of aeronautics.'³ Because of its weak combat record in the Sino-Japanese war, the CAF has hardly earned a mention in China's military history. For example, in *A Military History of Modern China* (1956) F. F. Liu referred to the CAF only in connection with the *Flying Tigers*, the American mercenary air force organized in the winter of 1940-1941 which began combat missions the day after Pearl Harbor.⁴ In a more recent study, *War and Nationalism in China, 1925-1945*, (2003) Hans J. van de Ven dismissed the Nationalists' air effort during the Sino-Japanese war altogether: 'little was accomplished. The Nationalists were not able to produce aeroplanes domestically... The Japanese air force was not only far superior in numbers, the quality of its aeroplanes far exceeded that of the Nationalists.'⁵

A number of American historians have felt, on the contrary, that something significant was accomplished in Chinese aviation thanks to support from American aircraft suppliers, instructors or advisers. The American aviation historian, Ray Wagner commented that even if the Nationalists experienced nothing but defeat at the hands of

³ Frank Dikötter, *The age of openness: China before Mao* (Hong Kong, 2008), p.96

⁴ F.F. Liu, *A Military History of Modern China, 1924-1949* (Princeton, 1956), pp.174 -176

⁵ Hans J. van de Ven, *War and Nationalism in China 1925-1945* (London, 2003), p.163

the Japanese air force, 'the story of their aircraft and the efforts made by Americans to help should be told.'⁶

Soon after Pearl Harbor the American press began to produce reports about the combat record of the Flying Tigers against the Japanese which distracted the public from the humiliation of Pearl Harbor. For example, in February 1942, *Time Magazine* reported 'the A.V.G.'s 100-odd U.S. pilots brightened last week's dark record of war in the Pacific with great valour and victories.'⁷ The first publicists for the Flying Tigers, Russell Whelan and Robert Hotz idolised Claire Chennault as a maverick who almost singlehandedly created China's air defences against Japan from 1937 onwards.⁸ As Whelan described, Chiang was determined to modernise China generally and the air force specifically. After the Shanghai War of 1932 between China and Japan, Chiang appealed to the British for help with training but they declined because the Japanese might have 'frowned' upon this move.⁹ The US government, he alleged sent an 'unofficial' mission of American instructors led by John Jouett to train the CAF 'to the exacting standards of the U.S. Army, the highest in the world'.¹⁰ Thus he portrayed the Jouett mission as a predecessor to Chennault and the Flying Tigers, and also demonstrated that Americans helped the Nationalists to improve their air force long before Pearl Harbor.

Claire Chennault's memoirs *Way of a Fighter* (1949) written with Robert Hotz filled out the portrait of a lone crusader desperately toiling to save China through airpower.¹¹ At the time of publication, several reviewers treated the work with scepticism because of its bias and factual inaccuracies. One commented that 'as a political tract, the book is tendentious and often in error on events of recent years.'¹² Another observed that Chennault's evidence was couched in such strong terms that one 'must in the case of

⁶ Ray Wagner, 'The Chinese Air Force, 1931 – 1940' *The Journal of the American Aviation Historical Society (JAAHS)* Fall 1974, p.162

⁷ *Time Magazine*, 'World: Tigers Over Burma' Vol.ume XXXIX No.6

⁸ Russell Whelan, *The Flying Tigers* (New York, 1942), pp.10-15 : Robert B. Hotz *With General Chennault: The Story of the Flying Tigers* (New York, 1943), pp.14-15

⁹ Whelan, *Flying Tigers*, p.11

¹⁰ Whelan, *Flying Tigers*, p.12

¹¹ Claire Lee Chennault, *Way of a Fighter, The Memoirs of Claire Lee Chennault* edited by Robert Hotz (New York, 1949), pp.34-39

¹² Richard E. Lauterbach, review 'Way of a Fighter', *Far Eastern Survey*, Vol. 18, No. 11 (Jun. 1, 1949), p.130

those whom he forthrightly condemns wish to examine the evidence of the other side.¹³ Annalee Jacoby, (co-author with Theodore White of *Thunder out of China*) commented on the aptness of the title because Chennault had fought with everyone: 'these memoirs are so interestingly schizoid that they seem to be the product of three different men.'¹⁴ Nevertheless American historians continue to accept *Way of a Fighter* as evidence of his central role in training the CAF, advising the Chiangs and in 1940-1941 founding AVG.

According to his memoir, in 1940 Chennault tried to persuade contacts in the United States that Americans should help the Chinese Air Force resist Japan just as much they were helping the British and French air forces resist Germany.¹⁵ He came up with a plan to 'throw a small but well-equipped air force into China' which called for fighters as well as bombers based in China to launch 'fire-bomb attacks' on Japan.¹⁶

Organisation of the fighter group, however, progressed faster than expected thanks to support from various members of the Roosevelt Administration: in April 1941 a hundred Curtiss-Wright P-40s were shipped to China and pilot recruitment began; both planes and personnel started to arrive in Rangoon during the summer of 1941.¹⁷

Others built on Chennault's account without changing its basic structure. In *Stilwell's Mission to China* (1952) the official Army historians, Charles Romanus and Riley Sunderland gave Chennault full credit as the driving force behind the AVG but alluded to the involvement of a few others in developing air aid for China.¹⁸ They referred to discussions in December 1940 which the directors of Intercontinent, William D Pawley and Captain Bruce Gardner Leighton (USN) had with the Secretary of the Navy Frank Knox about Chiang's demands for massive air support.¹⁹ Romanus and Sunderland also noted that a Chinese plan to bomb Japan from China received 'august support' from Treasury Secretary Henry Morgenthau Jr and Secretary of State Cordell Hull. Because trained American crews were as scarce as B-17 bombers, the War Department vetoed this plan. Instead the Chinese received 100 P-40B's originally ordered by the British

¹³ Elbridge Colby, Review 'Way of a Fighter' *World Affairs* Vol. 112, No. 2, Summer, 1949, p.60

¹⁴ Annalee Jacoby, 'Fighting Man, Fighting Words' *The New York Times Book Review*, 30 January 1949, p.1

¹⁵ Chennault, *Memoirs*, pp.92-93

¹⁶ Chennault, *Memoirs*, pp.96-97

¹⁷ Chennault, *Memoirs*, pp.99-101

¹⁸ Charles F. Romanus and Riley Sunderland *United States Army in World War II China-Burma-India Theater Stilwell's Mission to China* (Washington, 1953), pp.11-12

¹⁹ Romanus & Sunderland *Stilwell's Mission*, p.11

government.²⁰ Nonetheless the army historians concluded that ‘at this early date, the [War] Department entertained the idea of containing Japan by putting airpower into China.’²¹ It was important for Romanus and Sunderland to show that Pearl Harbor was not the sole catalyst for delivering air support to China: American officials had been eager to help Chiang during 1940-1941.

In the 1950s revelations about the Roosevelt Administration began to surface in memoirs by or about Roosevelt’s closest advisers: Robert Sherwood’s *Roosevelt and Hopkins, an intimate history* (1948) was followed by the ‘secret diary’ of Harold Ickes (1953-1954) and John Morton Blum’s edition of the diaries of Roosevelt’s Treasury Secretary Henry Morgenthau Jr. (1959-1967).²² Of these the last is the most relevant to this study because Morgenthau was a driving force behind the sale of airplanes to China in 1940-1941.

In Volume II (1938-1941), Blum described some of the background to the formation of *the Flying Tigers*. On 30 November 1940 Chiang’s personal envoy (and brother-in-law) T.V. Soong (Soong Tse-ven) had revealed to Morgenthau that Japan’s formal recognition of Wang Chingwei’s puppet government at Nanking could have dire consequences: the Undersecretary of State Sumner Welles warned Roosevelt of the ‘danger of a real psychological moral lapse as a result of this recognition of the one regime.’²³ This alleged menace induced the administration to arrange an exceptionally large loan of US\$100 million for China. Blum quoted Roosevelt as stating that it was a ‘matter of life and death... it may mean war in the Far East’ if the loan was not approved.²⁴

This loan was intended ‘to bolster the Generalissimo’s spirit and remind Japan of the long-standing American insistence on a free and independent China’.²⁵ Nonetheless Chiang still pleaded for massive American air support and particularly bombers to

²⁰ Romanus & Sunderland *Stilwell’s Mission*, p.12

²¹ Romanus & Sunderland *Stilwell’s Mission*, p.13

²² Robert E Sherwood, *Roosevelt and Hopkins, an Intimate History* (New York, 1948),: *The Secret Diary of Harold L. Ickes*, Volumes I – III (New York, 1953-1954) ; John Morton Blum, *From the Morgenthau Diaries Vol. I- III* (Boston, 1959-1967)

²³ Blum, *Morgenthau* Vol. II, p.364

²⁴ Blum, *Morgenthau* Vol. II, p.364

²⁵ Blum, *Morgenthau* Vol. II, p.365

attack Japan: Morgenthau was ‘much impressed’ by Chiang’s proposition that ‘the experience of being bombed...might bring the Japanese people, already suffering from privation, to demand an end to aggression.’²⁶ Morgenthau then discussed with Roosevelt and Secretary of State Cordell Hull, the idea of selling a few bombers to Chiang with which to bomb Tokyo from bases in China. The Morgenthau diaries revealed that Roosevelt was ‘simply delighted’ with the idea of bombing Japan as was Hull.²⁷

It is important to note that in 1938-1941, Morgenthau was in charge of matching the orders of different foreign purchasing commissions to the available supply of aircraft : US production lagged far behind the demands of the US military and European allies. Therefore supplies had to be allocated to different customers according to Roosevelt’s priorities. Generally speaking, in 1940-1941 Britain was the first in line to receive aircraft ahead of all other countries because it was on its own in resisting Germany.

Secretary of War Henry Stimson and his chief of staff, General George Marshall vetoed the plan to send bombers to China because these were in short supply and were considered to be of greater value to the British than to the Chinese.²⁸ Marshall preferred that the Chinese receive fighter planes from the British allocation. As Morgenthau had obtained more planes for the Chinese ‘than the United States and England could spare... the Chinese were naturally grateful.’²⁹ Blum provided no reason for this exceptional act of charity. His careful selection of diary extracts was calculated to reveal how much the Administration had wanted to help China and to bomb Japan before Pearl Harbor.

The American economist, Arthur Nichols Young served as a financial adviser to the Nationalists’ Ministry of Finance from 1929 to 1947. He also took a direct part in various aviation projects in this period. In *China and the Helping Hand, 1937-1945* (1963), Young went further than his predecessors to devise a conceptual framework to demonstrate continuity between the development of China’s aviation before and during

²⁶ Blum, *Morgenthau* Vol. II, p.365

²⁷ Blum, *Morgenthau* Vol. II, p.367

²⁸ Blum, *Morgenthau* Vol. II, p.368

²⁹ Blum, *Morgenthau* Vol. II, p.368

the Sino-Japanese war.³⁰ He introduced the concept of ‘nongovernmental and governmental aid’ in aviation and praised the private technicians who helped the CAF before 1937. He regarded Claire Chennault as ‘the dramatic figure on whom centers the story of China’s military aviation from 1937’: in Young’s account, Chennault provided the continuity between air assistance before and after Pearl Harbor.³¹ Young was particularly critical of the US government for doing so little to help the Chinese before World War II.³² In his view, only Stalin made ‘a serious effort to bolster China’s air arm’ after the CAF lost its best aircraft and pilots in combat with the Japanese during the opening months of the war in 1937.³³

In discussing the formation of the AVG, Young followed Blum’s account: bombers were retained for Britain while 100 P-40B fighters were released to China from Britain’s first quarter 1941 deliveries, against the promise of 200 P-40s with more advanced specifications in May-July 1941. Like Blum he provided no specific explanation of why the P-40s were to be sent to China : they were simply described as ‘the basis for organising the Flying Tigers.’³⁴ Like Romanus and Sutherland, he mentioned the part played by William D Pawley and Bruce Leighton of Intercontinent who from mid-April 1941 onwards were responsible for recruiting all AVG personnel through their Chinese subsidiary, the Central Aircraft Manufacturing Company (CAMCO).³⁵ In terms of chronology, he implied that Intercontinent’s role in sending planes and men to the Far East began after the passage of Lendlease in March 1941.

In *The United States and China*, (1971, 3rd edition) John K. Fairbank offered a critique of American aid for China before and after World War II. Up to 1941 there been a tradition of philanthropy directed to the Chinese people, which had bypassed the government.³⁶ On the threshold of World War II, however, official assistance to the KMT regime began to prevail over private philanthropy. The turning point came in the winter of 1940-1941 when the Roosevelt administration approved a large loan for China

³⁰ Young, *Helping Hand*, pp.22-23 & p.263

³¹ Young, *Helping Hand*, pp.22-24

³² Young, *Helping Hand*, p.263

³³ Young, *Helping Hand*, p.26

³⁴ Young, *Helping Hand*, p.142

³⁵ Young, *Helping Hand*, pp.149 - 150

³⁶ John King Fairbank, *The United States and China new edition completely revised and enlarged* 3rd edition, (Cambridge MA, 1971), p. 261

and the ‘clandestine development’ of the Flying Tigers.³⁷ As Fairbank put it, these official forms of assistance were ‘a milestone, if not indeed a grave-marker’ in American relations with the Chinese people.³⁸ Through World War II and thereafter, US government support of Chiang’s regime expanded rapidly and unconditionally until ‘trying to aid it, we became entangled in its decline and fall.’³⁹ Thus Fairbank highlighted the immorality of US aid policy and traced the roots of the ‘China Lobby’ -- long term US support for Chiang and the Nationalists -- back to US financial and air assistance in the year before Pearl Harbor.

It is intriguing to observe that in 1942 Fairbank worked in the White House for Roosevelt’s special assistant Lauchlin Currie who handled many aspects of the AVG’s organisation. Early in 1942 Fairbank wrote a memorandum about the airpower programme for China which is preserved in Currie’s China papers at the Hoover Institution.⁴⁰ Although this document was never published, it began to circulate privately amongst historians who received copies from Currie in the 1970s.⁴¹ It reveals that early in 1942 chronological as well as factual errors enhanced the impression that by creating the AVG, the Administration had hoped to improve China’s air defences before Pearl Harbor.

Fairbank dated the start of the AVG’s development to the ‘late spring of 1941’ when it became apparent that air-power was the most effective and tangible way to strengthen support for China: an air force based ‘on Chinese or even on Burmese territory’ could be ‘of direct value in the defence of Singapore’ or to strike at Japanese water borne supply lines or possibly to ‘undertake the bombing of big cities in Japan from Chinese bases such as Chuchow in Chekiang province, only 730 miles from Nagasaki.’ At the very least, the force could protect the Burma Road and other links through Burma and China to the outside world.⁴² Fairbank noted that plans for this air force, apart from the

³⁷ Fairbank, *US and China*, p. 261

³⁸ Fairbank, *US and China*, p. 261

³⁹ Fairbank, *US and China*, p. 261

⁴⁰ Hoover Institution, Stanford University (HISU), Lauchlin Bernard Currie Papers, box 5 ‘John K. Fairbank, Memorandum on Air Program for China, 1942 (attached note by Lauchlin Currie, April 13, 1976) : the quote is from Currie’s attached note.

⁴¹ The biographer of William D Pawley, Antony Carrozza stated that he received a copy from the late William M. Leary (author correspondence 5 December 2008)

⁴² HISU, Currie, Fairbank Memorandum, p.1a &2

acquisition of the P-40s, only got under way in March 1941 after Currie returned from China thus putting Currie at the centre of project management.

In describing the origins of the air programme for China, Fairbank noted that the idea of an 'American Volunteer air unit had been proposed in January 1940 by Bruce G Leighton, vice-president of the Intercontinent Corporation.' Leighton had put 'strategic arguments for air-power in China' before the Chief of Naval operations on 17 January 1940: his idea was for his company to 'handle the whole job under commercial contract with China' and "'without any direct participation by the United States Government.'"⁴³ Fairbank understood that arrangements to acquire planes began in November 1940 with the arrival of a 'Chinese Air Mission' made up of Claire Chennault and CAF General P.T. Mow who assisted T.V. Soong to obtain support from Henry Morgenthau: General Marshall recommended that a hundred Curtiss P-40 planes be released from the British.⁴⁴ Although the air programme was funded by Lend-lease, it 'began before Lend-lease...through the initiative of Chinese agents.'⁴⁵ In early 1942, Fairbank provided more complete information than anyone else about the origins of the AVG. His purpose in writing the memorandum, however, was political, that is, to highlight the prescience of the President and Currie in conceiving of air aid for China before Pearl Harbor.

In *The Dragon's Wings: the China National Aviation Corporation and the Development of Commercial Aviation in China* (1976) Leary focused on the role of Americans in China's passenger and airmail service.⁴⁶ Leary described Clement Keys, the head of the Curtiss-Wright conglomerate as 'the man destined to father commercial aviation in China'⁴⁷ This was not in fact the case : the Nationalist Ministry of Communications set up its own service at least six months before Keys launched his own, the China National Aviation Corporation (CNAC). Like Young, Leary treated Keys and other western investors in passenger and airmail services as helping China in aviation despite their evident desire to make money. Through investment in China's airlines, he stated,

⁴³ HISU, Currie, Fairbank Memorandum, p.18 & p.3

⁴⁴ HISU, Currie, Fairbank Memorandum, p.5

⁴⁵ HISU, Currie, Fairbank Memorandum, p.5

⁴⁶ William M. Leary, *The Dragon's Wings: the China National Aviation Corporation and the development of commercial aviation in China* (Athens, Ga., 1976)

⁴⁷ Leary, *CNAC*, pp.7-9

‘western nations were prepared to lend assistance in hopes of finding profit. China and the West were thus tied together by bonds of mutual self-interest’.⁴⁸

Leary’s formula of ‘mutual self-interest’ shifted the emphasis from cause to effect and from motive to outcome. He implied that the means justified the ends: the Chinese received assistance in exchange for giving American investors a share in their state airline monopoly. Even though Clement Keys did not set out to help China, his quest for profit had a positive result: it delivered private entrepreneurial support for China’s modernization. Leary echoed Arthur Young in a morally uplifting conclusion that ‘those who extend the helping hand, for whatever reasons, are rarely loved – nor should they expect to be. It should be enough to derive satisfaction from being a part of one of the great pioneering ventures in the history of commercial aviation.’⁴⁹

The British historian Peter Lowe explored air aid for China from the British angle in *Great Britain and the Origins of the Pacific War, A study of British Policy in East Asia 1937-1941*, (1977). He pointed out four principal forms of assistance which the British government provided to the Chinese starting in October of 1940: ‘the £5 mn loan made in Autumn 1940: the transfer of the Chinese government’s Loiwing aircraft factory to Bangalore in India as well as the assembly of Chinese military aircraft in Burma; the assembly of aircraft and transport of supplies for the International Air Force, under the command of the American Claire Chennault; the provision for the International Air force of 100 Tomahawks and 144 Vultees out of the allocation made to Britain in the United States.’⁵⁰ Lowe’s research was of particular relevance to this dissertation because most of the activities which he described on closer inspection turned out to be initiatives which William D Pawley of Intercontinent negotiated with the British government in 1940-1941.

In *the U.S. Crusade in China, 1938-1945* (1979) Michael Schaller took an entirely new tack. Where Chennault, Young and Leary had vaunted the efforts of Americans to help the Chinese in aviation, Schaller perceived questionable motives and intrigue on the part

⁴⁸ Leary, *CNAC*, p.224

⁴⁹ Leary, *CNAC*, p.226

⁵⁰ Peter Lowe, *Great Britain and the Origins of the Pacific War, A study of British Policy in East Asia 1937-1941* (London, 1977), p. 295

of the AVG's founders in 1940-1941. The conspiracy of 'private military entrepreneurs' and the Roosevelt administration to create 'a program of secret air warfare' set 'a major precedent for US military and political planning' after World War II: several individuals active in the AVG went on to join Chennault in creating CAT-Air America 'a paramilitary arm of the Central Intelligence Agency.'⁵¹ Like Arthur Young, Schaller regarded Chennault as the link between pre and post war American involvement in China's military aviation. Of the AVG, he concluded that 'a force originating in December 1940 as an effort to punish Japan and perhaps deter its further aggression had transformed itself along with the political environment of East Asia and the growth of American globalism.'⁵²

Schaller examined in some detail the formation of the Flying Tigers. Drawing heavily on the original Morgenthau diaries he also followed much of the narrative established by Blum's edition: Japan's 'formal recognition' of Wang Chingwei's puppet regime at Nanking provoked a crisis in China which in turn induced Roosevelt to seek a large morale boosting loan for Chiang.⁵³ Within a week, however, the administration came to the view that an even stronger remedy was required: Roosevelt, Hull and Morgenthau for the first time considered military aid for China. In December they enthusiastically endorsed a proposal by Chiang and Chennault for a large air force which included bombers to attack Japan from facilities in China.⁵⁴ Stimson and Marshall regarded this as 'a recklessly provocative plan' and vetoed it on the grounds that the US should retain scarce bombers for the British. Instead Marshall recommended that Morgenthau divert from the British to the Chinese a hundred fighter planes (C-W P-40s) which formed the nucleus of *the Flying Tigers*.⁵⁵

Like Blum and Young before him, Schaller did not explain the reason for diverting P-40s to China in January 1941: in his account, the rationale only emerged in May 1941 when the President's special adviser, Lauchlin Currie submitted a general airpower programme for China. Currie's plan provided for bomber and fighter squadrons to defend Singapore and the Burma Road as well as to bomb Japan from existing airfields

⁵¹ Michael Schaller, *The American Crusade in China, 1938-1945* (New York, 1979), pp.83-84

⁵² Schaller, *Crusade*, p.84

⁵³ Schaller, *Crusade*, p.70

⁵⁴ Schaller, *Crusade*, pp.71 -74

⁵⁵ Schaller, *Crusade*, pp.75-76

in China.⁵⁶ He accepted Chennault's view that the principal obstacle to establishing a bomber offensive in 1941 was 'intense hostility among other factions in the War Department and the competing demands of the British and General MacArthur in the Philippines.'⁵⁷ Schaller devoted the rest of his analysis about the AVG and Chennault to demonstrating the aggressive and secretive nature of airpower schemes which set the precedent for post-war CIA operations: the CIA contracted Chennault's airline, China Air Transport (CAT) for many covert missions in Southeast Asia.

Schaller inherited certain inconsistencies from Blum and Young to which he added his own. First Japan's formal recognition of Wang Chingwei's government at Nanking did not pose an overwhelming threat to the stability of Chiang's government at Chungking. Wang had already been in charge of a puppet regime since March 1940. The principal concern for Chiang in the autumn of 1940 as Young correctly pointed out, was the risk that popular support would swing towards the Communists. Chiang warned that 'the Japanese and their design to smash our power we do not fear but deterioration of the people's morale and the Chinese Communists are truly problems of a serious character'.⁵⁸

After the Japanese recognized Wang's government on 29 November 1940, US Ambassador Nelson Johnson reported on 4 December that the diplomatic situation had improved and that 'Japanese recognition of the Wang regime had little apparent effect on Chungking.'⁵⁹ Hence the threat from Wang had receded by the time the Administration began to develop an appetite for bombing Japan in the first part of December 1940.

Secondly in all three accounts there is a mismatch between the American solution and the Chinese problem: the punishment of bombing Japan simply does not fit the figurative crime of an internal Chinese political crisis: challenges to Chiang's regime had come and gone over the previous three years without prompting the US government

⁵⁶ Schaller, *Crusade*, pp.78

⁵⁷ Schaller, *Crusade*, p.82

⁵⁸ *Foreign Relations of the United States (FRUS)*, 1940 Vol.IV 'The Ambassador in China (Johnson) to the Secretary of State Chungking, 20 October 1940, p. 673

⁵⁹ *FRUS*, 1940 Vol.IV 'The Ambassador in China (Johnson) to the Secretary of State Chungking', 20 October 1940 p. 673 & Schaller, *Crusade*, p.72

to abandon its policy of appeasing Japan and withholding aid for China. Blum, Young and Schaller failed to identify a sufficiently alarming threat which would induce the administration to contemplate an attack on Japan from Chinese airbases. In Young and Schaller's account, the Administration after a week of planning an offensive on Tokyo suddenly dropped the plan and offered fighter planes instead to fortify Chiang's fighting spirit. Yet, according to Schaller, the Administration then failed to dispatch these morale boosting planes for several months: he asserts that Roosevelt and his advisers intended delivery only after enactment of Lendlease legislation. For that reason recruitment of personnel as well as the shipment of planes to Rangoon finally began in the late spring and early summer of 1941, just as Whelan in 1942 had described.

Schaller and Young mentioned the pressure on aircraft supplies from Britain but did not give this factor sufficient weight in describing air aid for China. In 1940 the preoccupation of the Roosevelt administration was 'all aid short of war' for Britain. The P-40 was still the most advanced fighter plane in the American arsenal : it was a distortion on the part of Whelan to describe it as 'obsolete' and on the part of Chennault to declare that it was 'not an ideal airplane for the purpose required'.⁶⁰ By the end of 1940, the US Army Air Corps (USAAC) felt the pinch from the diversion of so many aircraft to Britain. Up to November 1940, the USAAC received only 7 P-40s compared to 296 delivered to Britain.⁶¹ It seems odd that Marshall was willing to give up so many fighter planes to China when his own branch of the armed forces had received so few unless there was a compelling reason to do so.

On 8 December 1940 Churchill wrote his famous letter to Roosevelt requesting immediate and unstinted financial aid which was to include the greatest number of planes which Roosevelt could possibly send.⁶² At this stage of the war, fighter planes such as the P-40 were more important to the British than bombers because of tactical operations in the Mediterranean planned for the spring of 1941. Yet American historians consistently portray the British as willing to divert P-40s to China in exchange for a larger supply of planes later in the year. Schaller, Blum, Young and Chennault never

⁶⁰ Chennault, *Memoirs*, p.100

⁶¹ TNA, AVIA/38/732 'Additional Capacity for Production of P-40 Type aircraft – Connection possible release to Greece' 10 December 1940

⁶² H. Duncan Hall, *North American Supply* (London, 1955), p.215

reconciled Britain's urgent demands for aircraft with its apparent willingness to sacrifice a hundred P-40s to China.

In *Going to War with Japan 1937-1941* (1985) Jonathan Utley made a few perceptive points about the story of the Flying Tigers.⁶³ Utley like Schaller took the line that the Flying Tigers was created for psychological reasons, to 'keep China fighting' and as part of a strategy to contain rather than confront Japan.⁶⁴ Utley introduced some primary sources which Schaller had not examined: when George Marshall vetoed the idea of bombing Japan, he came up with the idea of giving China enough pursuit planes 'to interfere with Japanese withdrawal from China. If that could be accomplished, Marshall argued, there would be a "big result in the vicinity of Singapore."' ⁶⁵ Utley did not elaborate on what Marshall meant by a big result near Singapore but he improved on Young and Schaller's account by indicating that Marshall at least had some objective in mind when he recommended that fighter planes be sent to China: it had something to do with Singapore. Utley's main point, however, concerned the hypocrisy of US policy: the Flying Tigers was a way of fobbing off the Chinese : 'while everyone supported the idea of helping China no one wanted to give up anything to make that aid a reality.'⁶⁶

In *War Wings: The United States and Chinese Military Aviation, 1929- 1949* (2001), Xu Guangqiu reverted to the approach which Leary and Young had adopted thirty years before and ignored the critical interpretations of Schaller, Utley or Fairbank. Like Young, Xu characterized pre-war involvement in China's aviation affairs as private 'unofficial' American air assistance.⁶⁷ He praised American businessmen and advisers who, without strong support from the U.S. government helped the Nationalists build the air force during the Nanking decade (1928-1937): 'the Chinese needed American assistance; American businessmen were highly attracted to business prospects in China,' a paraphrase of Leary's formula.⁶⁸ On the eve of the Sino-Japanese War, thanks in good measure to American assistance, the CAF had become 'a modern, well-trained and well-equipped air force,' a direct quote from an article about the Jouett mission by

⁶³ Jonathan G. Utley, *Going to War with Japan 1937-1941* (Knoxville, 1985), fn. 41 p. 213

⁶⁴ Utley, *War with Japan*, p.133

⁶⁵ Utley, *War with Japan*, p.133

⁶⁶ Utley, *War with Japan*, p.134

⁶⁷ Guangqiu Xu, *War Wings, The United States and Chinese Military Aviation, 1929 -1949* (Westport CT,2001)

⁶⁸ Xu, *War Wings*, p.224

William Leary: at the time of John Jouett's departure in 1935, 'China had the nucleus of a modern, well-trained, and well-equipped air force'.⁶⁹

Even after the start of the Sino-Japanese war, Xu asserted that with the help of Chennault and other instructors, 'from July 1937 to December 1940 the American-supervised aviation schools trained about 900 excellent Chinese cadets, who thereafter constituted the bulk of the flying personnel of the Chinese Air Force.'⁷⁰ Xu does not provide a source for his estimate of 900 cadets but not a single military attaché report cited in his study confirms the 'excellence' of Chinese cadets or pilots. They were not excellent. In 1937-1940 Naval attachés repeatedly commented on the poor relations of Chinese cadets with American instructors, their resistance to discipline, inadequate flying hours, poor skills in hitting targets, and reckless attitude to aircraft maintenance.⁷¹ By October 1940 Chennault himself had given up on the CAF. A US Naval intelligence officer briefed by Chennault directly reflected his views when he wrote that 'the only solution currently offered for China's present problem of "How to deal with the Japanese Air force" is for her to turn the whole thing over, lock, stock and barrel, to the nationals of some one foreign country. Col. Chennault says that if he were given 100 bombers, 100 long-range pursuits and 100 interceptors, all of up-to-date design; with 400 foreign pilots, he could very nicely organize a force that would protect Free China from Japanese raids and wreak havoc on the Japanese forces in China'.⁷²

During the Nanking decade assessments of the CAF were not much better, apart from one reference by the US consul at Shanghai who spoke of 'some four hundred admittedly excellent Chinese pilots.'⁷³ The US military attaché Walter Drysdale tended to praise the work of the Jouett Mission but was hardly an impartial observer: he had

⁶⁹ Xu, *War Wings*, p.92; William M Leary Jr. 'Wings for China: The Jouett Mission, 1932-1935' *Pacific Historical Review*, Vol. 38, No. 4 (Nov.,1969), p.461

⁷⁰ Xu, *War Wings*, p.138

⁷¹ The key file which contains naval intelligence reports for 1937-1940 is National Archives and Records Administration (NARA.), RG 38 E-98 Box 136, File A-1-u Register no. 7348-A, Folder, Aeronautic Personnel, Schools, Training,etc._ China 1936-44

⁷² NARA, RG38 E-98 Box 96, File A-1-Q Register no. 12592-E Folder Aeronautics in China 1939-40 'Personal Observation & Conversations' by Captain H.J McQuillen USMC, October 8, 1940, p.3

⁷³ For comments by the Shanghai consul, Edwin Cunningham see NARA, RG38 Box 136 File A-1-u Register no. 7348 'Central Aviation Academy, Hangchow, China' May 18, 1935; for naval intelligence reports in 1932-1935 see NARA, RG 38 E-98 Box 136, File A-1-u Register no. 7348-A Folder Aeronautic personnel, schools, training etc. China 1916-1935

been directly involved in promoting this group of American air instructors to T.V. Soong in 1932. Through the entire interwar period, US military attachés were occasionally complimentary about their compatriots' efforts to train CAF pilots but always recognised that CAF training was inferior to that of the USAAC. In 1937-1940, the CAF stagnated and Americans could do nothing to reverse years of mismanagement by the Chinese military.

Like Young, Xu condemned the US government for its policies during the first years of the Sino-Japanese war when it appeased Japan and 'weakened China's war effort and the air force'.⁷⁴ In 1938-1940, he asserts that the CAF was forced to rely on the Soviet Union because the U.S. government refused to provide air aid.⁷⁵ Chiang, however, did not turn to Stalin because Roosevelt refused assistance: the barter agreement between Chiang and Stalin to bring Russian planes and pilots to China was signed on 21 August 1937 while Chiang still believed that he had the upper hand over the Japanese at Shanghai.⁷⁶ Russian pilots and planes began to arrive in November 1937. Finally from August 1937 onwards neither the US nor any other western government was willing to provide aviation personnel to China for a variety of reasons. One of the most significant was the horrific collateral damage inflicted by the CAF on Shanghai during the August offensive and 'friendly fire' directed at American warships and refugee boats such as the USS Hoover. Western governments did not want their citizens or air forces to be involved with an air force as dangerous as the CAF in August-September 1937.

Xu accepted Chennault and Young's version of the formation of the AVG, omitting all references to plans for bombing Japan in December 1940. As he relates 'with the acquiescence of some policy makers,' on 2 January 1941 Chennault submitted a plan to use 100 fighter planes and 150 technicians: William D Pawley recruited pilots and crew all over the United States as well as the Philippines, Hawaii and Puerto Rico, 'where,' Xu alleges, 'there were many pilots with P-40 experience.'⁷⁷ This last point is entirely at odds with archival material from the papers of Lauchlin Currie at the Hoover Institution. One of Chennault's principal complaints about CAMCO was that its

⁷⁴ Xu, *War Wings*, p.225

⁷⁵ Xu, *War Wings*, p.225

⁷⁶ John Garver, 'Chiang Kai-shek's Quest for Soviet Entry into the Sino-Japanese War' *Political Science Quarterly*, Vol.102, No.2 (Summer, 1987), p.302

⁷⁷ Xu, *War Wings*, p.154

recruiters had not hired enough pilots with the right qualifications to fly a P-40.⁷⁸ Since the US Army Air Corps had barely acquired enough P-40s to form a single squadron by the end of 1940, it is unlikely that they had trained enough P-40 crews to have a surplus by the autumn of 1941.

Nonetheless Xu's account of Chennault 'excellent' training results has left its mark. An American scholar, Edna Tow recently echoed his characterisation of American influence over the CAF in her article 'The Great Bombing of Chongqing and the Anti-Japanese War, 1937-1945,' in *The Battle for China* (2011) edited by the eminent American and British historians Mark Peattie, Edward Drea and Hans van de Ven.⁷⁹ Tow referred to Chennault as an example of how 'individual and private-sector initiatives' aided China to improve its air defence capacity despite a US embargo on munitions and armaments.⁸⁰ She stated, 'tasked with reorganizing China's air force, Chennault overhauled pilot training programs, updated Chinese aerial tactics, and coordinated air strategy. Under his supervision, aviation schools were reorganized to provide detailed instruction in specific aerial skills: pursuit, bombardment, and reconnaissance. Cadets logged valuable flight hours by participating in simulated combat drills and tactical manoeuvres. In the period from July 1937 to December 1940 these programs trained approximately 900 students.'⁸¹ Tow based her assertions on Xu's *War Wings* and Chennault's memoirs.⁸² As a result, she replicated the legend that Chennault and a handful of American instructors transformed Chinese military aviation in the years before Pearl Harbor.

As this survey suggests, for sixty years, American historians have been at pains to describe American aviation activities in China as private air assistance which yielded significant improvements in the CAF. Furthermore several have gone far to demonstrate continuity between unofficial pre-war help and large official US air support during and after the Pacific war. All, with the exception of Michael Schaller and Jonathan Utley,

⁷⁸ HISU, Currie, Box 2 Folder AVG corr & mems, Nov.41 'Claire Chennault to Central Aircraft Mfg. Co November 7, 1941'

⁷⁹ *The Battle for China, Essays on the Military History of the Sino-Japanese war of 1937-1945* ed. by Mark Peattie, Edward J. Drea, and Hans van de Ven (Stanford, 2011), p.146

⁸⁰ Peattie, *Battle for China*, p. 265

⁸¹ Peattie *Battle for China*, p.265

⁸² Peattie *Battle for China*, p.265: see p.528 fn. 24 which cites Xu, *War Wings*, pp.137-138 and fn. 25 cites which cites Chennault, *Way of A Fighter*, pp. 90-91

have presumed that Americans either wanted to help China or that, regardless of their motives, they improved Chinese military aviation in the interwar period. Young, Leary and Xu identified examples of pre-war ‘nongovernment’ air aid: the formation of China’s national airline, CNAC in 1928-1931; CAF training provided by the Jouett air mission (1932-1935); the establishment of China’s first modern air assembly plant, CAMCO (a subsidiary of the Intercontinent Aviation) and the influence of Claire Chennault as an air adviser and instructor in 1937-1941. In the case of the Flying Tigers, Fairbank, Schaller, Xu and Young regarded the group as the US government’s first significant step towards official military support for the Nationalists – a turn for the worse according to Fairbank and Schaller, for the better in the view of Xu and Young. Several of these works have provided a starting point for exploring the key themes of this thesis but primary sources have tended to contradict the fundamental premise that Americans extended a helping hand to the Chinese which the Chinese gratefully grasped. The argument of this thesis points to a different conclusion which is presented in detail in Chapter V but summarised below.

The Argument

The Roosevelt administration initially did not conceive of the AVG as air aid for China to protect the Burma Road. In December 1940-January 1941 the President and his advisers acted on a threat perception: their sources ranging from Chiang Kai-shek to diplomats based in Thailand warned them of an imminent Japanese attack on Singapore. The timing of this alleged attack was extremely awkward because Roosevelt was in the course of introducing Lendlease legislation. The US Congress still had strong isolationist factions: any incident which threatened to draw the United States into war on behalf of its allies would jeopardise the passage of Lendlease. At the root of presidential anxiety was a secret commitment to Churchill that the United States would help the British to defend Singapore if it were attacked by Japan. Roosevelt wanted at all costs to avoid fulfilling that pledge to Churchill which would require him to order some portion of the US Fleet to the Far East.

Although they had never planned a military operation before, the President and his advisers wanted to create a manoeuvre so powerful that it would derail Japan from its alleged advance through Thailand and onto Malaysia. At first they considered using

China as a base from which to launch a bombing offensive against Japan. When Secretary of Defence Henry Stimson and the Army head of Staff George Marshall pointed out the folly of this plan, Marshall suggested an alternative: provide the Chinese with some fighter planes and pilots to create a 'distraction' over the Burma Road which would divert Japan from the attack on Singapore. These squadrons in principle were to both provoke a Japanese attack on the Burma Road and defend it at the same time. The President and members of his cabinet saw this diversion over the Burma Road as the only solution to the multiple diplomatic and political problems which they suddenly confronted in December 1940 to January 1941.

In late December 1940, Morgenthau was in charge of coordinating aircraft sales for Britain and other allies such as Greece. The President asked him to arrange the immediate release of a hundred P-40s from the British allocation for sale to the Nationalists: Morgenthau promised to compensate the British government with twice as many planes in the summer of 1941. Most American historians who have described the British government's reaction to this plan have stated that its purchasing agents went along with the decision because they were promised a larger allocation at a later date. British archives, however, reveal an entirely different response.

The British government deeply resented interference in the delivery schedule of P-40s required for spring campaigns in the Eastern Mediterranean. They were furious that planes would be given to the Chinese who very likely would waste or wreck them when they felt that every plane was required for the war effort. In January 1941 Foreign Secretary Antony Eden wanted Lord Halifax the new British ambassador in Washington to make representations to Roosevelt about the disruption of the P-40 supply line.

American historians have never referred to this controversy or the diplomatic developments which emerged from it. In February 1941, T.V. Soong met with Air Commodore John Slessor, one of the chief British representatives who had been sent to Washington for secret discussions about the possible entry of the United States into the war. Soong and Slessor agreed that the squadrons which were to be formed from the P-40s shipped to Rangoon would remain in Burma rather than be dispatched to Yunnan: the AVG was to be discreetly incorporated into Imperial Air Defence plans with an

understanding that they would fight alongside the RAF in the event of a war with Japan. Thus the British who had reluctantly given up a hundred P-40s regained access to them to protect their Far East colonies.

Where recruitment was concerned, in mid-January 1941 Secretary of the Navy Frank Knox contacted Bruce Leighton the vice president of the Intercontinent Corporation : Intercontinent had been the exclusive aircraft broker for Curtiss-Wright sales to China in 1933-1940: as Fairbank noted in his memorandum, Leighton had submitted his own plans to the Navy about a guerrilla air corps for China in January-May 1940. On 16 January 1941, Knox asked Leighton to start the process of hiring aviators and mechanics for the mission as soon as possible. For C-W sales to China, Intercontinent also was due a commission on the resale of the British P-40s to China. Furthermore once the planes reached the port of Rangoon, Intercontinent would be responsible for assembling and maintaining them. Indeed, Intercontinent with its relatively long history of aviation sales and services in China was the only organisation in existence at that time which could manage the logistics of delivering planes and personnel to the Far East on behalf of the project organisers.

In February 1941 shipment of planes began: Pawley, Leighton and Chennault liaised with US military authorities to seek permission to hire personnel directly from US bases. In the same month, however, Roosevelt lost interest in the project when the Japanese appeared to back down from any threat to Singapore thanks to a warning delivered by the US counselor in Tokyo, Eugene Dooman.⁸³ Thereafter Roosevelt delegated the entire programme to his special adviser Lauchlin Currie who managed the AVG project and explored other possibilities for air assistance to China. The president indicated to Currie, however, that he was not particularly in favour of further airpower proposals for China if they interfered with the needs of the US military or Britain which they almost certainly would because of the shortfall in aircraft production.

⁸³ Frederick W. Marks III, *Wind over Sand, The Diplomacy of Franklin Roosevelt* (Athens GA, 1988), p.94 & *FRUS*, Japan 1931 - 1941 Vol. II 'Memorandum by the Counselor of Embassy in Japan ([Eugene] Dooman) Tokyo, 14 February 1941, pp.138-139

There were never any formal consultations about the airpower programme which evolved into the AVG. Almost by default, Intercontinent's president Bill Pawley became the liaison with the various participants who had an interest in the AVG: British authorities in the Far East, Claire Chennault, the Chinese purchasing agents and Lauchlin Currie. Roosevelt kept his distance from the AVG because its existence, if known, might have given Japan a pretext to break off negotiations or to attack US territory in the Pacific. Therefore, the Administration tried in vain to keep the AVG a secret but by the summer of 1941, the Japanese and the American press were aware that planes and pilots were heading for Burma. Thus the AVG began as a scheme to keep Japan bogged down in China and evolved into air aid which benefitted Britain more than China.

Methodology

This thesis is based on a broad examination of documents from archives in the People's Republic of China, Italy, the United States and the United Kingdom. Many of these primary sources have been available for years but apparently they have not been regarded as material to an investigation about American aviation interests in China or the AVG. This is particularly the case for the extensive material in the National Archive about the International Air Force (IAF), the name given by British officials to the AVG. Although these files have been open since the early 1970s, American historians have not cited them in describing the formation of the Flying Tigers in 1940-1941.

The thesis also introduces new material which sheds light on how the Nationalists dealt with their foreign partners in aviation, particularly the Intercontinent Corporation. Of primary importance is the correspondence of Captain Bruce Leighton (USN), who served as Intercontinent's principal vice president from 1937 to 1942. These are in my possession for the duration of my research but I intend to donate them to the Library of Congress. Until those arrangements are made, I will make the documents available to scholars.

Leighton had a distinguished career in naval aviation before joining Wright Aeronautical in 1928 : after the merger with Curtiss, Leighton was a leading salesman of C-W military aircraft in the Balkans and the Soviet Union. He went to work for

William D Pawley, the president of Intercontinent in May 1937. In 1942 he left Intercontinent to return to active service in the US Navy Bureau of Aeronautics.⁸⁴

The Leighton papers contain extensive company correspondence about the firm's involvement in Chinese military aviation from September 1936 to September 1944. The collection contains letters and memoranda which describe the challenges of maintaining operations in China during the Sino-Japanese war. They are of special relevance to discussion of the Soviet Air Mission and the Flying Tigers covered in Chapters IV and V.

The official US Army historians Charles Romanus and Riley Sunderland consulted the a range of company documents in Bill Pawley's office at Intercontinent's New York headquarters while preparing *Stilwell's Mission in China* in the early 1950s.⁸⁵ In the 1960s, Pawley's AVG files went missing when he arranged for them to be collected by the embassy of the Republic of China for shipment to Taiwan.⁸⁶ Leighton's correspondence contains duplicates of the documents which Romanus and Sunderland cited in their account of the AVG but other relevant documents which they very likely viewed but which appear to have contradicted their version of events.

Supplementing the Leighton papers are personal letters of Bill Pawley to his first wife, which his biographer Anthony Carrozza kindly provided before publication of his biography of Pawley.⁸⁷ These reveal Pawley's extreme anxiety about securing sales to China in 1933-1936. As interesting are letters written by Intercontinent's secretary, Mamie Porritt which one of her descendants, Tracy Minter transcribed and sent to me in 2009. Some of these are now available on <http://www.warbirdforum.com/porritt1.htm>, the website of Dan Ford, author of *the Flying Tigers*.⁸⁸ Mrs Porritt's correspondence described life at the CAMCO factory in Loiwing 1939-1942. Her testimony has helped

⁸⁴ Reginald Wright Arthur, *Contact! Volume One Careers of US naval Aviators Assigned numbers 1-2000* (Washington DC, 1967), p.26

⁸⁵ Romanus & Sunderland, *Stilwell's Mission*, pp.10-12

⁸⁶ Martha Byrd, *Chennault, Giving Wings to the Tiger* (Tuscaloosa, AL, 1987), fn. 36, p.382 : Author interview with William D Pawley's niece Anita Pawley 5 June 2007; author inquiries to Air Force Academy library and Taiwan military attaché in 2008.

⁸⁷ Anthony Carrozza, *William D. Pawley, the Extraordinary Life of the Adventurer, Entrepreneur and Diplomat who cofounded the Flying Tigers* (Washington DC, 2012)

⁸⁸ Dan Ford, *Claire Chennault and his American Volunteers, 1941-1942* (2nd edition, Smithsonian Press, 2007)

to establish the chronology of operations in Burma and India as well as details about Intercontinent's business and the Japanese bombing of Loiwing in October 1940. Equally interesting is the diary of Edward W. Wingerter about his work at the Hankow airfield in the winter of 1937-1938.⁸⁹ I received a copy of this unusual document from his son, Captain Edward Wingerter (USN). Wingerter's eyewitness account sheds new light on Chinese air operations, the Russian mission and the involvement of Claire Chennault in the International Volunteer Squadron discussed in Chapter IV. His admiration of the Russians belies criticism of their performance by the Chiangs and their close adviser William H. Donald who had their own political reasons for trying to downplay the contribution of the Soviet mission to the Chinese war effort.

No historians to my knowledge have consulted the archives of the Italian Foreign Ministry about Sino-Italian relations in aviation. This is not surprising as the Ministry restricts access to its historical records: special permission is required and the archives are only open four mornings a week. In September 2010 I had just enough time to photograph most of the cables between Rome and Shanghai for 1932-1934 which clarified misconceptions about the formation of an Italian air mission to China. Whereas many Americans presumed that Chiang's brother-in-law Dr. H.H. Kung (K'ung Hsiang-hsi) arranged this mission, Italian records disclose that Soong and Ciano were entirely responsible for it. The archives also describe the exceptional rapport which the Chiangs developed with the mission's first head il Colonnello Roberto Lordi and the attraction which Chiang had for the ideals of Italian fascism: given the size and chaos of China, Chiang could never exert the control over his own country which Mussolini exercised over Italy but in 1934-1935 *il Duce* was an inspiration for the Generalissimo if Italian dispatches are to be believed.

The National Archives (TNA) contains a vast range of material about Sino-American relations in aviation in Foreign Office, Air Ministry and Cabinet Office files. These proved to be invaluable for assessing British involvement in the formation of the AVG as well as the competition between British and American aviation interests during the Nanking decade. The US National Archives and Records Administration (NARA) and the Library of Congress (LOC) were consulted on four separate research trips to

⁸⁹ Private Collection (PC), Captain Ed Wingerter, 'From the Journal of Edward W. Wingerter'

Washington DC. Whereas the LOC is one of the best organized archives in the United States, the NARA is one of the most difficult to use: its paper index and reference folders tend to hide more than they reveal to even the most assiduous researcher.

The National Air and Space Museum Archives (NASM) at the Garber Facility in Suitland Maryland contain some company records of Curtiss-Wright and Clement M Keys, the first president of Intercontinent Aviation. The curators are helpful but lack resources to improve the facility. Other American archives provided excellent service, especially, Cornell University for the papers of Captain James M McHugh who served as a US Naval Attaché to China in 1937-1942 and the University of Virginia for the papers of George Conrad Westervelt, the second president of Intercontinent. I also visited the George C Marshall Foundation in Lexington Virginia to consult a few documents by William D Pawley which are held there.

The Hoover Institution at Stanford University contains the most important group of papers relevant to this study but imposes relatively short hours and restrictions on reproducing materials. Consequently research takes longer and is more costly than in other US archives. I consulted the papers of Lauchlin Currie, Minard Hamilton, George Sokolsky and Arthur Young which have been examined by other historians. Nonetheless evidence from these papers in light of new archival material made sense of anomalies in previous accounts about China's military aviation and the Flying Tigers.

The dissertation makes use of a few works in Mandarin. Research, however, in Chinese archives was limited by the cost of travel and translation. The Second Historical Archives (SHAC) in Nanjing are the most important repository of primary sources on relations between the Nationalists and American aviation interests in the period covered. Professor Robert Bickers kindly provided a letter of introduction to the chief archivist. However, the SHAC posed formidable obstacles to foreign researchers in at the time of my visit in September 2008. Closing hours varied from posted schedules: documents listed in indexes had gone missing (*the Flying Tigers* file could not be found); no photography was allowed and photocopying quality depended on the state of the cartridge. There were no English finding aids or English speaking curators. Staff was capricious in dealing with requests although few researchers were in the reading room. The archivists withheld files until the last minute of the day. Consequently there was

only about a quarter of an hour allowed to browse through documents. There was no apparent respect for the fragility of documents, many of which had suffered the exigencies of time: they were crushed into Xerox machines and hastily bundled back into flaking folders. After three days' effort, a random selection of documents covering payroll for the CAMCO factory in Hangchow (1936) and at Loiwing (1941) were provided and photocopied.

The Hoover Institution has the only reproduction of the handwritten diary of Chiang Kai-shek outside of Taiwan. I consulted it in the autumn of 2010 with the help of several Chinese students as translators. Because of restrictions imposed by Chiang's descendants, the diary is not easy to examine: researchers are only allowed to use paper and pencil while consulting the document and no electronic equipment (computer, camera, and mobile phone) is allowed on the table. There are further conditions for citing the diary: the Hoover reserves the right to screen any quotations or translations of extracts used for publication. Nonetheless just as an 'off the record' briefing can steer a reporter in the right direction; the diary is valuable for leading the researcher to other material that can be readily used for publication. The Hoover also holds the papers of T. V. Soong and of Dr. H. H. Kung: Chinese translators considered Soong's handwriting and spelling difficult to decipher; because of inadequate Chinese, limits on time and translation, I did not have the opportunity to explore the Kung and Soong papers.

The other Chinese work of particular relevance to this study is the memoir of Chien Chang-tsu (C.T. Chien) 'Fo sheng bai ji' [*One hundred life memories*] (Taiwan, 1975) Chien was head of the CoAA's technical division had a long association with Intercontinent which included correspondence with Bruce Leighton. A translator provided an English version of relevant sections to do with the Loiwing CAMCO factory and his relations with Leighton. These extracts provided insight into the Chinese attitude towards Intercontinent's directors and other American associates as well as the difference between the Anglo-Saxon and Chinese approach to autobiography. Finally I have used two important recent secondary sources about aircraft in the CAF fleet which hold a wealth of archival material but unfortunately lack adequate footnotes: *A History of Chinese Aviation* by Lennart Andersson and *Curtiss Fighter Aircraft* by

Francis H. Dean and Dan Hagedorn.⁹⁰ Hagedorn, is a former NASM curator and meticulous historian who completed this work after the death of his co-author who had amassed most of the material. Andersson is a dedicated amateur in the best sense of the word. I have corresponded with both authors to verify sources and although they have been unable to track down the source for some statements, I have cited them when no other references are available about the composition of the CAF fleet. Indeed, whenever I wanted further information related to a published work, most authors were extremely helpful in providing clarification. This correspondence in itself became a rich resource.

Access to Western and China's archives is constantly changing and unpublished documents from the interwar period frequently resurface. There is enormous scope for further research about the history of Chinese aviation: Chinese scholars could bring to light material from archives in Taiwan as well as mainland China which western historians have not consulted. A greater range of Chinese sources than have been used in this study would test the validity of its analysis and also counter the comments of numerous observers whose reports are housed in western archives. As new documents become available, the conclusions of this study no doubt will be critiqued and revised. This dissertation is just the start of further investigation into the history of Chinese aviation and the role of foreign participants in its development.

Chapter summaries

Chapter I, American Loans, American Planes introduces Intercontinent Aviation, the private aviation firm which managed participation of Clement Keys in CNAC and which, apart from CNAC, had the longest involvement in Chinese aviation during the Republican period. It examines the problems which its first Chairman, Clement Keys encountered over his investment in CNAC. After the sale of CNAC to Pan Am, Intercontinent's third president, William D Pawley stayed on in China to specialise in military aviation sales. In 1928-1931 many traits which shaped the politics of airpower in US-China relations through to 1941 became evident: the dominance of the Chinese

⁹⁰ Lennart Andersson, *A History of Chinese Aviation : Encyclopaedia of Aircraft and Aviation in China until 1949* (Taiwan, 2008) ; Francis H. Dean & Dan Hagedorn, *Curtiss Fighter Aircraft, A Photographic History 1917-1948* (Atglen PA, 2007)

military; the ambivalence of US government policy towards arms and aircraft trade; the profit motive of American businessmen; the misconception of China as a potential market for aviation; the Nanking regime's chronic shortage of funds to pay for imported equipment.

Chapter II 'National Salvation through Aviation' explores the role of military aviation in the years between the Shanghai War and the Sino-Japanese War(1932-1937). It describes competition between American and Italian aviation interests and Chiang's conversion to airpower during the small but significant Fukien rebellion in December 1933. Thereafter Chiang used airpower in line with his political priorities, 'first pacification then external resistance'. In the autumn of 1936, the Chiangs organized fund-raising campaigns around the theme of 'National Salvation through Aviation' in association with the Generalissimo's fiftieth birthday celebrations which raised popular expectations about air force resistance to Japan. By the start of 1937, however, the Chiangs recognized the mediocrity of the CAF which created a political and strategic quandary as they faced the prospect of war with Japan.

Chapter III 'Bloody Saturday' covers the Chinese Air Force during the opening phase of the Sino-Japanese War. The Chiangs and Chennault were well aware that the air force was inadequately trained for precision bombing but during the Shanghai offensive of August 1937, they ordered squadrons to attack Japanese military targets dangerously close to the civilian population. In this regard Chennault's advice on tactics badly misfired: he was complicit with the Chiangs in the death of thousands of Chinese through collateral damage. The editor of the *North China Herald* described CAF's actions on and after 'Bloody Saturday' 14 August 1937 as a 'crime against civilisation'.⁹¹ Instead of rallying Western allies to China's cause, the CAF's abysmal performance hardened their resistance to providing any military or financial aid to China in 1937-1938.

Chapter IV 'American Volunteers, Russian Volunteers' assesses the influence of the Soviet air mission on American aviation interests and Chiang's family circle in 1937-1939. In November 1937, Soviet personnel and planes began to arrive in China and the

⁹¹ *North China Herald (NCH)*, 'Shanghai's Sorrow' 15 August 1937, p.273

Russians assumed control over Chinese air operations against the Japanese. The Soviet mission effectively removed the Chiangs from control of the CoAA in 1937-1939. It also eclipsed the influence of American advisers such as Claire Chennault and businessmen such as Bill Pawley who stayed on in China in the hope of restoring their position if and when the Russians departed.

The final chapter, the *Flying Tigers* (1940-1941) examines the participation of Intercontinent and the Chinese, US and British governments in forming the AVG. The research programme for this chapter was extensive. It used as a point of departure the analysis of Michael Schaller, Jonathan Utley and Peter Lowe who pointed to the British role in air aid for China. It revises the received narrative about the rationale for the AVG and its development in 1941. It provides a rationale for the establishment of the AVG in the winter of 1940-1941 which is consistent with the political priorities and procurement problems which the Roosevelt Administration faced at that time.

Chapter I American Loans, American Planes

From 1914 onwards, while the Western powers were caught up with their own war, Sun Yat Sen led the KMT in a revolution against the Imperialist regime of Peking: Chinese-American volunteers brought the first airplanes to South China in 1914 and started to raise funds using the slogan *National Salvation through Aviation*.⁹² After the armistice, however, the Western powers were determined to promote peace worldwide. They took the view that trade with China in aircraft as well as arms needed to be restricted in order to discourage its ongoing civil war. In 1919 the diplomatic corps in Peking entered into a voluntary arms embargo on China, the repeal of which depended on an end to the civil war and the establishment of a national government recognised by the country's various factions. In 1928 after the KMT established its regime at Nanking, the western powers lifted the embargo. American entrepreneurs immediately began to sell planes to China's regional interests initially with the support of local US diplomats who were determined to see off competition from other foreign suppliers.

This chapter explores the interplay between US government policy and American business which affected US aviation interests in China in 1928-1931. It looks especially at the activities of an American financier, Clement M Keys who became the first American investor in China's commercial aviation, founding with the Nanking regime, the China National Aviation Corporation (CNAC). The joint venture between the Keys-Curtiss interests and the Nationalists revealed fundamental tensions in the politics of airpower between the US and China which endured up to World War II. American entrepreneurs suffered from misplaced confidence in the potential of the China market, and in the patronage of the single English speaking politician with whom they had contact. On the Chinese side, regional militarists used aviation to sustain independence from the central government. Central and regional authorities resisted the imposition of western business standards. In dealing with their American aviation partners, the Nationalists rarely maintained their end of the bargain, refusing to provide their agreed share of investment or to respect contractual obligations.

⁹² Him Mark Lai, 'The Kuomintang in Chinese American communities before World War II' in *Entry Denied: Exclusion and the Chinese community in America, 1882-1943*, ed. Sucheng Chan (Philadelphia, 1991), p.184

The China Arms Embargo

On 5 May, 1919, the British ambassador Sir John Jordan (dean of the diplomatic corps) communicated to the Chinese Foreign Ministry the decision of nine countries to place a voluntary embargo on arms and aircraft sales to China.⁹³ Of the nine signatories, five had aircraft industries: the United States, Britain, Japan, France and Russia. They agreed to maintain the moral embargo 'until the establishment of a government whose authority is recognised throughout the whole country'.⁹⁴

As these sanctions were not binding, several countries quickly abused the embargo. The British government, unlike the other signatories decided in November 1919 that the agreement did not cover airplanes.⁹⁵ Vickers was willing to lend the money to the Peking government to buy a hundred 'commercial' Vimy planes which were clearly for military use.⁹⁶ As Noel Pugach has pointed out, the Vickers deal undermined the credibility of the British government where other aspects of its China policy were concerned. In 1929 the British ambassador Sir Miles Lampson wrote that British aviation firms could not complain about 'lack of official support': they could rely on the Legation and consular officers for all the support which could be properly given for any specific case.⁹⁷

The US government was determined to uphold the embargo and reinforced its commitment with a Presidential proclamation on 4 March 1922 which deemed unlawful the exportation of arms or munitions of war to China: the two measures of 1919 and 1922 were interpreted as applying to aircraft because planes were adaptable to 'warlike uses': if, however, the planes were clearly of a commercial type, the State Department

⁹³ *FRUS*, 1919 Volume I [Vol.] 'The Dean of the Diplomatic Corps in China (Jordan), to the Chinese Acting Minister of Foreign Affairs (Ch'en Lu), [Peking 5 May 1919], p.670. The signatories were : Great Britain, Spain, Portugal, the United States, Russia, Brazil, France and Japan.

⁹⁴ *FRUS*, 1919 Vol. I 'China Arms Embargo', 5/5/19

⁹⁵ Noel Pugach, 'Anglo-American Aircraft Competition and the China Arms Embargo, 1919-1921' *Diplomatic History* 2 (Summer, 1978), p.354

Pugach, *Anglo-American Aircraft Competition*, p.356

⁹⁶ Pugach, *Anglo-American Aircraft Competition*, p.354

⁹⁷ TNA, FO/671/498 'Sir M. Lampson to Mr. A. Henderson' 8 October 1929, p. 3

granted an export license immediately.⁹⁸ Through the 1920s the State Department used its power over export licenses to scrutinise contracts and limit the size of aircraft exports to small orders.⁹⁹

In June 1928 Chiang Kai-shek's forces entered Peking, declared the end to the Northern Expedition and announced the political unification of China under the KMT. As one country after the other renewed customs treaties with the central government, the signatories to the 1919 arms embargo considered cancelling the agreement: in their view, China finally had a government which was recognised across the country.¹⁰⁰ The process of unification, however, was far from complete.

Chiang and his brother-in-law, T.V. Soong, the KMT Finance Minister put pressure on regional warlords to demobilise their armies, to submit to Nanking's authority and start to turn over a significant share of customs and tax revenue to the central government.¹⁰¹ In South China, the military leaders in Kwangtung and Kwangsi – the 'Kwangsi Clique'—resisted. As the historian Diana Lary has observed, for the Clique, 'autonomous military control meant autonomous financial control': they were determined to retain both.¹⁰² If they were to be forced into disbandment, they would need new sources of revenue. In their air bureaus they saw the possibility of using their air fleets for airmail and passenger services which might generate income.¹⁰³ Thus aviation became an extension of Southern resistance to political and economic domination by the KMT faction at Nanking.

In the summer of 1928, the Canton Air Bureau (CAB) took the lead in developing airmail projects. The CAB was the oldest and the most advanced air force in China. Founded in 1922 by Sun Yat Sen, it attracted funding, volunteer pilots and planes from

⁹⁸ *FRUS*, 1922 Vol. I 'Proclamation No. 1621, March 4, 1922, Declaring Unlawful the Exportation of Arms or Munitions of War to China by the President of the United States of America p.726 & *FRUS*, 1928 Vol. II 'The Secretary of State to the Minister in China (MacMurray), Washington, 30 July 1928', pp.305-306

⁹⁹ Pugach, 'Anglo-American Aircraft Competition', p.365

¹⁰⁰ *FRUS*, 1928 Vol. II 'The Secretary of State to Senator Hiram Bingham Washington September 24, 1928', pp.307-308

¹⁰¹ Liu, *Military History*, p72

¹⁰² Diana Lary *The Kwangsi Clique in Chinese Politics 1925-1937* (Cambridge, 1974), p.132

¹⁰³ *NCH* 'Aviation in South China' 26 January 1929, p.145

the Chinese diaspora. By 1928 the CAB had 30-40 aircraft and ambitions for further expansion.¹⁰⁴

The CAB's director at this time was Colonel Chang Wai-jung who allegedly had trained as a pilot in the United States.¹⁰⁵ Chang's patron was Li Chih-Shen (Li Chai-Sum) the commander of Kwangtung's 4th Route Army which comprised 350,000 troops in 1928: Li Chih-Shen was so closely associated with the Kwangsi Clique that he was considered its fifth man.¹⁰⁶ In June 1928 Chang Wai-jung approached the US consul in Canton, Douglas Jenkins about the Bureau's plans for air routes across South China.¹⁰⁷ Jenkins was persuaded that the 'Canton administration seems to be in earnest respecting establishment of commercial aircraft routes.'¹⁰⁸ Whether or not he believed in the sincerity of the military's intentions, Jenkins did not want to see American aircraft salesmen lose out to French or British competitors in selling planes to militarists in South China.¹⁰⁹

On 20 June 1928 a few days after the KMT's announcement of China's reunification, John van Antwerp MacMurray, the Minister in Peking wrote to Secretary of State Frank Kellogg for guidance about Jenkins's request. He emphasised that aviation has been advanced to such a point that the distinction between military and commercial aircraft is very marked and as commercial planes now have no combat value it means that they should no more be banned as arms or munitions of war than commercial ships or motor trucks. Airplanes furthermore have become a commercial commodity in which a fair field of competition should be open in China.¹¹⁰

MacMurray's suggestion that 'commercial planes now have no combat value' was ill founded: the air bureaus could easily adapt any biplane for basic military purposes. Nor

¹⁰⁴ *China Weekly Review (CWR)*, 'Gen. Chang Hui-chang Discusses Aviation Obstacles and Prospects in Present-day China. Reprint of interview in The Shanghai Times', 22 December 1928, p.160 : NB there were many versions of General Chang's name: Chang Wai-Jung or Chang Hui (Hwei) Jung (Chang), and Zhang Wei Zhang.

¹⁰⁵ *CWR* 'Who's Who in China' August 17, 1929, p.508

¹⁰⁶ Diana Lary *The Kwangsi Clique in Chinese Politics 1925-1937* (Cambridge, 1974), p.49

¹⁰⁷ *CWR*, Feb 16, 1929, p.504 & Xu, *War Wings*, p.22

¹⁰⁸ *FRUS*, 1928 Vol. 2 'The Minister in China (MacMurray), to the Secretary of State' Peking, 20 June 1928, p.303

¹⁰⁹ *FRUS*, 1928 Vol. II MacMurray 20/6/28, p.303

¹¹⁰ *FRUS*, 1928 Vol. II MacMurray 20/6/28, p.303

did the Chinese regard the airplane as a commercial commodity. Planes were symbols of prestige which reflected the standing of the leaders who owned them: the slogan 'National Salvation through Aviation,' eventually adopted as the motto of the Nationalist Air Force, was just one expression of the higher political and spiritual status of the airplane in the eyes of the Chinese in this period. Furthermore, it was unrealistic to believe that a market for aircraft would emerge in China comparable to that in the west. The conditions which MacMurray treated as a justification for the promotion of aircraft sales to China never developed in China under the Nationalists and hardly exist today: according to one estimate there are only 150 private jets in the People's Republic of China compared to 200,000 in the United States.¹¹¹

To protect American aircraft interests against British competition, MacMurray persuaded the Department to allow the sale of 'nonmilitary' aircraft to the military. On June 23, 1928, Secretary of State Frank Kellogg responded to MacMurray with one line: 'the Department will grant permits to export commercial airplanes to China:' this was confirmation of an existing policy since, under the China Arms embargo, the Department already allowed the sale of commercial planes.¹¹² MacMurray in Peking and Jenkins in Canton interpreted Kellogg's guidelines as permission for US diplomats to help local American aircraft salesmen in the so-called 'China Market.' The British ambassador, Sir Miles Lampson later described this as 'undefined but strong consular support.'¹¹³

With the help of Douglas Jenkins, Chang Wai-jung ordered two Ryan Mahoney planes. In December 1928 he and a colleague set off from Canton for a tour of Chinese cities ending at Shanghai. Chang christened his plane, *the Spirit of Canton* thereby commemorating Lindbergh's transatlantic flight in *the Spirit of St Louis*, a similar Ryan plane.¹¹⁴ Chang was dubbed 'the Chinese Lindbergh' and made political capital out of the publicity stunt for himself and the Canton faction. At the same time the Kwangtung Eighth Route Army based in Canton purchased American airplanes allegedly to develop

¹¹¹ *Want China Times* 'China poised to become world's largest private jet market' 7 January 2013, <http://www.wantchinatimes.com/news-subclass>

¹¹² *FRUS*, 1928 Vol. II 'The Secretary of State to the Minister in China (MacMurray), Washington, 23 June 1928, p.303

¹¹³ TNA, FO/671/498 'Lampson to Henderson', 8/10/29

¹¹⁴ *NCH*, 'The Aviation Boom in Canton' 5 January 1929, p.10

airmail services between the main cities of South China.¹¹⁵ For these civil aviation projects the US government offered its blessing at least for the time being: officials took at face value the diversification of regional militarists into civil aviation because they saw an opportunity to sell American aircraft.

Sun Fo and Clement Keys

There was considerable difference between the sale of a few American planes and the investment strategy of Clement Keys. The contact between the Keys-Curtiss interests and the Nationalist regime was a manifestation of the Wall Street boom and the speculative activities of Keys who eventually bankrupted himself because of them. In 1928, however, he was still a respectable aviation financier with directorships on the boards of a dozen major aviation firms of which the most important was the Curtiss Aeroplane and Motor Company (Curtiss Aero).¹¹⁶

Keys became president of Curtiss Aero in 1920 when he rescued the firm founded by Glen Curtiss from bankruptcy.¹¹⁷ By the spring of 1929 the Curtiss group comprised some twenty subsidiary or affiliated companies. Nonetheless as the business historians Louis Eltscher and Edward M. Young noted, ‘the Curtiss group, as it came to be called, was in fact a rather loosely organized structure of separate operations.’¹¹⁸ At the end of 1928 Keys formed a new aviation holding company North American Aviation.¹¹⁹ He also had his own company Clement Keys & Co. and a close association with the investment bank Dillon Read.

In 1928 the KMT leadership sent unofficial ambassadors abroad in search of foreign loans. At the end of 1927 Sun Fo, the son of Sun Yat Sen lost out to T.V. Soong (his uncle by marriage) as finance minister in Chiang’s new government. To preserve harmony in the KMT as well as in the extended Soong family, Chiang who had married Soong Meiling in December 1927 dispatched Sun Fo on a worldwide mission: Sun Fo

¹¹⁵ CWR ‘Extensive Aerial Service planned for South China’ 1 September 1928, p.26

¹¹⁶ Louis R. Eltscher and Edward M Young, *Curtiss-Wright, Greatness and Decline* (New York, 1998), pp.29-43

¹¹⁷ Eltscher & Young, *Curtiss-Wright*, p.4

¹¹⁸ Eltscher & Young, *Curtiss-Wright*, p.40

¹¹⁹ NYT ‘Company to deal in Air securities...C. M. Keys to direct new corporation’ December 7, 1928, p.41

set off on New Year's day 1928. After a tour of European capitals, Sun arrived in New York on 1 August to obtain foreign backing for China's reconstruction along the lines laid down by Sun Yat Sen in *The Economic Development of China*: he was greeted as 'Minister for Reconstruction of the Republic of China.'¹²⁰ His visit to the United States was the springboard for transforming US-China relations in aviation from the odd transaction to capital investment.

During the late summer of 1928, Sun Fo played up the need for American finance and expertise to develop China, avoiding those aspects of his father's ideology at odds with American capitalism. 'Only with American business methods,' he stated, 'and American financial resources can we hope to hasten the process of our national reconstruction.'¹²¹ He echoed the words of his father: 'in this national undertaking, foreign capital have to be invited, foreign experts and organisers have to be enlisted, and gigantic methods have to be adopted.'¹²² Sun Fo hoped that the United States would 'assume the leadership in international cooperation on the basis of equality and mutual interest.' By early September Sun appeared to have achieved his goal: there were rumours in Shanghai that he was 'arranging for a loan of \$700,000,000 (£140,000,000) in New York and that when the negotiations...are complete, he will return to China as Minister of Finance, which he deserves to be.'¹²³

During the US stock market boom, even though financiers were intrigued by foreign expansion, few heeded Sun Fo's call to invest in China. The US share of capital commitments to China always remained relatively small: after the onset of the Depression, the United States accounted for 6.3% of foreign direct investment in China compared to 38.9% for Great Britain and 36.9% for Japan in 1931.¹²⁴ In 1936, the US proportion of total investment in Chinese manufacturing was only 2.9 % compared to 54.1% for Great Britain and 40.3% for Japan.¹²⁵ There were no private bank loans or

¹²⁰ NYT 'Sun Fo seeks aid here for New China', 1 August 1928, p.4

¹²¹ NYT 'Sun Fo seeks aid here for New China', 1 August 1928, p.4

¹²² Sun Yat Sen, *International Development of China* (New York, 1922), p.10

¹²³ *The Times of London* 'War resumed in China', 11 September 1928 p.14: CWR 'Men and Events', 8 September 1928, p. 63; Sun left Vancouver on 6 September and was back in China around the 23rd September.

¹²⁴ C.F.Remer, *Foreign Investments in China*, (New York,1931), p.99

¹²⁵ Hou Chi-ming, *Foreign Investment and Economic Development in China 1840-1937* (London, 1965),p.81

bonds floated for China in the interwar period although pro-Chinese financiers tried to persuade Wall Street to offer them.

In the second half of 1928, American bankers seemed ready to negotiate a large loan with the Nationalists. Thomas Lamont of J P Morgan intended to lead a goodwill mission to China but others in his firm developed cold feet about venturing any further into financial relations with debt-ridden China and vetoed his trip.¹²⁶ At this point, Dillon Read, which did not belong to J.P. Morgan's Chinese Consortium attempted to negotiate separately a bond issue with Sun Fo. Mixed up in these secret discussions was a plan devised by Clement Keys and his associate Clarence Dillon to use some portion of the credit obtained through the bond to establish an air mail and passenger service in China.

Leary noted in his history of CNAC that at the very end of 1928, Robert Otis Hayward of Dillon Read travelled to China for discussions with Sun Fo, the Minister of Railways.¹²⁷ Leary presumed that the primary purpose of Hayward's trip concerned an airline proposal.¹²⁸ There were, however several odd aspects to Hayward's mission. First, he was a specialist in international bonds and sovereign debt, not aviation: Wall Street abounded with experts about the aircraft industry who might have gone in his place.¹²⁹ Secondly he spent only ten days in China, an unusually short span of time given the weeks on board ship to travel there and back.¹³⁰ Such a brief visit conducted over the Christmas and New Year period suggested urgent short term business rather than a long term venture such as an airline. Thirdly, Sun Fo was minister of Railways and had nothing to do with aviation over which there was already increasing competition between different Chinese interests. The Communications minister, Wang Po-chun was in charge of developing an airmail service for the Nanking government and wresting control of China's air routes from regional military air bureaus.¹³¹

¹²⁶ James J Lorence, *Organized Business and the Myth of the China Market: The American Asiatic Association, 1898-1937 Transactions of the American Philosophical Society*, New Series, Vol. 71, No. 4 (1981),p.88

¹²⁷ Leary, *CNAC*, p.8

¹²⁸ Leary, *CNAC*, pp.8-9

¹²⁹ NYT 'Robert Hayward Banker Dies, 47 ...Foreign Loans his field' 18 April 1934

¹³⁰ NARA, RG85 M1383_144 *Passenger Lists of Vessels Arriving at Seattle Washington, 1890 - 1957*, 'Empress of Russia sailing from Hong Kong 9 January 1929'

¹³¹ CWR 'Communications Conference held at Nanking' 25 August 1928, p.435; *Far Eastern Review* 'General Plan of Communications', September 1928, p.389

Nonetheless as Railways minister, Sun Fo had budgetary autonomy and could possibly divert some funds to other projects without interference from the Finance Ministry.¹³² American industrialists had been angling for some time to have a 'slice' of China's railway construction which was dominated by British interests.¹³³

Correspondence between the American journalists George Sokolsky and George Bronson Rea, two 'Old China Hands' provides insight into the competition between Dillon Read and the Chinese Consortium for the international bond market, rivalry which was matched by that between Sun Fo and T.V. Soong to obtain foreign loans. In July 1929 Rea wrote to Sokolsky that 'Sun Fo is in constant communication with Hayward, who is stringing him along in the hope of tying him up when the time is opportune.'¹³⁴ Rea was concerned that Sun would alienate the China Consortium because when and if the time came for a bond issue, the more powerful American banking group led by Morgan would dominate the market.¹³⁵ Sokolsky agreed that TV Soong would only deal with the large American banking group led by J P Morgan. Sun Fo, he added, was 'not a very reliable person... He is more tolerated for his father's reputation than his ability is respected.'¹³⁶

In 1928-1929 China's economic conditions did not improve the outlook for a large bond issue. In September 1929 Rea wrote to Sokolsky, 'the world is fed up with Chinese promises and talk. The American people are not particularly interested in her vast schemes for development, calling for hundreds of millions of dollars, at a time when her finances are bankrupt and she shows no intention of discharging her old obligations. You can't interest investors in Chinese schemes while practically all our large bankers and manufacturers are creditors of the Chinese government, without hope of immediate payment of their claims'.¹³⁷

Sokolsky and Rea reflected the widespread perception of the American business and financial community that there was no reward for pouring capital into impoverished

¹³² Arthur Nichols Young, *China Nation Building, 1927-1937: the Financial and Economic Record* (Stanford CA, 1971), p.78

¹³³ Lorence, *China Market*, p.63

¹³⁴ HISU, George Sokolsky Papers, Box 98 Folder 98.8 1929 'Dear Soks June 22, 1929'

¹³⁵ HISU, Sokolsky, Rea to Sokolsky 22/06/29

¹³⁶ HISU, Sokolsky, Sokolsky to Rea 24/07/29

¹³⁷ HISU, Sokolsky, Rea to Sokolsky 29/09/29

China. Circumstantial evidence, however, suggests that Dillon Read cultivated Sun Fo in the hope that the firm might secure eventually a bond issue for China's railways which would also allow the diversion of funds into an aviation venture. When the prospects for floating the bond disappeared, Keys decided to proceed anyway in China: he was no longer the cautious banker who had rescued Curtiss Aero through prudent management but a risk-taker on a grand scale. While Hayward pursued Sun Fo for a monopoly on railway bonds, Keys tried to interest Clarence Dillon in obtaining a monopoly in overseas aviation markets.

The Foreign Policy of Clement Keys

Towards the end of 1928 Keys became interested in 'foreign things' because he could not 'think of anything local at the moment that is worth doing.'¹³⁸ In November he wrote to a potential investor in Latin America that he had 'several million dollars to be used in the acquisition of air transport lines, airplane and motor manufacturing plants, et cetera, in any of the countries of South America and in parts of Asia and Africa.'¹³⁹ He sketched out for Clarence Dillon the equity structure for two interlinked companies: a small 'exploration' company as well as a large holding company that would provide the capital for aviation ventures across South America and the Far East.¹⁴⁰ Keys hoped to have as capital subscribers, Dillon, Curtiss Aeroplane and Automotive Company (Curtiss Aero) and Charles Lindbergh. Although he claimed not to be in a hurry he noted that 'competition was very keen now in the North-western corner of South America and in China.'¹⁴¹ Keys went on to comment, that there were 'a tremendous number of small local very profitable projects that are likely to be available in South America and in Asia.'¹⁴² His plans 'entailed the immediate dispatch of two expeditions, one to South America and the other to Asia.'¹⁴³

¹³⁸ National Air and Space Museum Archives [NASM] Paul E. Garber Facility, Suitland Md., the Papers of Clement Keys [Keys], Box 3, Folder 33, 'Letter to Clarence Dillon, November 26, 1928', , p.3

¹³⁹ NASM, Keys, Box 3 Folder 33 'Keys to Lieut. Benjamin Mendez', 26 November 1928

¹⁴⁰ NASM, Keys, Keys to Dillon 26/11/28

¹⁴¹ NASM, Keys, Keys to Dillon 26/11/28, p.2

¹⁴² NASM, Keys, Keys to Dillon 26/11/28, p.4

¹⁴³ NASM, Keys, Keys to Dillon 26/11/28, p.3

In letters to prospective South American investors, Keys described his quest for equal partnership with local entrepreneurs or government agencies to create a few small but profitable airlines. In a letter to a Colombian banker, Antonio Borda, Keys stated that his object was ‘not to control aviation anywhere in the world but to participate with the nationals of other countries in pushing forward the development of aviation.’¹⁴⁴ Keys stressed the importance of using local talent in building up a new business:

Our general policy, in foreign countries will be to use and to build up the local resources of those countries. This applies particularly to pilots. Other things being equal, we should prefer to use pilots and mechanics and all personnel of the nationality of the country in which we are at work, rather than to import our own men.¹⁴⁵

Keys had ideas for developing joint ventures in emerging markets based mainly on his experience in Latin America: he already had sent successful missions to Argentina, Chile, Peru and Bolivia led by ex-Army Air Corps Colonel ‘Jimmy’ Doolittle.¹⁴⁶ By contrast China was unknown territory. Sun Fo was the only Chinese politician of the new KMT regime known to most American bankers in 1928. Keys based his plan on nothing more than his own confidence and propaganda from the pro-China business lobby.¹⁴⁷ Even if the bond business did not materialise, he considered the gamble on aviation worth taking because it might deliver a monopoly on future aircraft sales for Curtiss and firms in his other holding company North American Aviation.

In January 1929 as Robert Hayward sailed home from Shanghai, Keys sounded out the State Department about his proposed investment in a Chinese airline and flying school – further indication of how little he knew about China. On January 8, 1929 Keys wrote to Secretary of State Kellogg, that he was not seeking ‘a monopoly on all aviation in China, but in order to justify any considerable investment, it will be necessary to require that certain of the mail and other contracts will be exclusive to the company... for a period of years.’¹⁴⁸ Keys also wanted to use American military fliers in his China venture just as he had often employed Colonel Jimmy Doolittle in South America. Stanley Hornbeck, head of East Asia desk in the State Department advised that, ‘if

¹⁴⁴ NASM, Keys, Box 3, Folder 33, ‘Letter to Mr Antonio Borda, December 14, 1928’, p.1

¹⁴⁵ NASM, Keys, Keys to Borda 14/12/28, p.2

¹⁴⁶ NYT ‘United States in Drive for South American Air’ 31 March 1929, p.136

¹⁴⁷ Lorence, *China Market*, p.89

¹⁴⁸ Leary, *CNAC*, p.10

Army and Navy officers appear among the employees of the company, unfortunate impression will be created in the Far East; it will be assumed that the American Government is actively behind the enterprise.’¹⁴⁹ Nelson T. Johnson, who was about to be appointed as Ambassador to China, advised the Secretary of State to disapprove of the venture and requested that the Navy Department with whom Keys also consulted should ‘discourage this contemplated action.’¹⁵⁰ The State Department informed Keys that it would only offer ‘the same type of support it gives any other American enterprise legitimately entered into and carried on abroad.’¹⁵¹

Aviation Exploration Inc.

Undaunted, Keys asked his lawyer Roland Riggs and Major William B. Robertson to lead a delegation to Shanghai: Robertson had backed Lindbergh’s transatlantic flight and recently sold his aircraft company to the Curtiss group. In a letter to Robertson of 18 January 1929 Keys outlined the joint venture, in virtually the same terms as he had to other associates and the State Department.¹⁵² He warned Robertson to focus on only one or two air routes ‘involving a capital expenditure that might not in the first instance be over \$500,000 and which should be started quickly.’ Keys imagined that the ‘stops on such a route or routes would all be places where oil and gasoline can be obtained and which are established centers of trade population. We could throw such a line into operation within a comparatively short time.’ It would be important to use Chinese personnel or have ‘a definite policy that we will use Chinese personnel just as soon as such personnel is available... There is no limit to what we shall do in China if the Chinese really wants us to co-operate and the Chinese commercial interests welcome us into China.’¹⁵³

On 19 January 1929 Keys arranged the incorporation of Aviation Exploration in the state of Delaware. ‘AviExplor’ was the small holding company which he had mentioned to Clarence Dillon although there is no evidence that the latter ever became a

¹⁴⁹ Leary, *CNAC*, p.10

¹⁵⁰ Leary, *CNAC*, fn. 25 p.237 : he cites NARA, RG 59 CDF893.796 Nelson Johnson’s note was dated 16 January 1929

¹⁵¹ Leary, *CNAC*, p.10

¹⁵² Leary, *CNAC*, p.11 & fn.26, p.237

¹⁵³ Leary, *CNAC*, p.11

subscriber. Keys was president and drew directors from close associates including Robertson and Riggs. The terms of incorporation, typical of the era, allowed the directors full discretion to conduct any sort of transaction and maintain total secrecy over the accounts; Keys had exclusive control over the company's activities and finances.¹⁵⁴ Indeed AviExplor became a purely personal investment vehicle of Clement Keys. The press continued to treat AviExplor as a subsidiary of the Curtiss companies but it really was solely 'his organisation.'¹⁵⁵

The Robertson party left New York on 26 January 1929 and arrived in Shanghai in the middle of February. Following instructions, Robertson and Riggs proposed a company entirely in the Wall Street mould: a public corporation capitalised at \$10 mn with the Americans taking up to 60 % of the shares and private Chinese investors the rest. Sun Fo 'expressed doubt that either private investors or the government would be able to raise \$4 mn.'¹⁵⁶ Instead Sun suggested that the Chinese government subsidize the venture through government bonds at interest – a vestige of the original bond idea proposed by Hayward.¹⁵⁷ When this response was transmitted to New York in late March, Hayward objected that the Chinese only had to 'pledge their credit' whereas the Keys interests would assume the financial burden for equipment and operations.'¹⁵⁸

Robertson and Riggs consulted with George Sokolsky who advised them against doing business in China. He noted that they had failed to make any contact with either the Ministry of War or the Ministry of Communications which controlled aviation.¹⁵⁹ Since aviation was outside the sphere of Sun Fo, any contract which he attempted to conclude was likely to run into difficulties. Riggs assured Sokolsky that he was being too pessimistic: 'everything would turn out alright because Sun Fo told him so.'¹⁶⁰

¹⁵⁴ State of Delaware, Department of State Dover, Delaware. *Annual Report – Delaware Corporations, Aviation Exploration Inc* 20th December 1929: (0250830) ; CWR 23 February 1929, p. 526

¹⁵⁵ See below fn.177

¹⁵⁶ Leary, *CNAC*, p.12

¹⁵⁷ Leary, *CNAC*, p.12

¹⁵⁸ Leary, *CNAC*, p.12 : Leary cites a memo by Hayward dated 29 March 1928

¹⁵⁹ HISU, Sokolsky, Box 98, Folder Rea 98.8 'Letter from George Sokolsky to George Bronson Rea, August 21 1929'

¹⁶⁰ HISU, Sokolsky to Rea 21/8/29

As Robertson and Riggs pursued talks with Sun Fo, the conflict which had simmered for months between the Kwangsi generals and Chiang came to a head. Chiang Kai-shek announced that there was no place for the Kwangsi faction under the KMT government and he prepared to settle his differences with the Clique by force of arms.¹⁶¹ The generals had withheld all revenue and 'did not even pretend to carry out Nanking's mandates.'¹⁶² By the middle of March 1929 Chiang had assembled 150,000 men ready to descend on Wuhan where, by contrast, the Clique had only about 30,000 troops. Li Chi-shen, the Chairman of the Political Council in Kwangtung and patron of the Canton Aviation Bureau went to Nanking to sue for peace but was placed under house arrest. Further complications arose when the Third KMT Congress expelled Li and the other 'clique' Generals, Li Tsung-jen and Pai Jung-hsi from the party for life on March 26th: Sun Fo rushed to show his support for Li Chi-shen, thus signalling his political independence from Chiang.¹⁶³ Li's subordinates, General Ch'en Chi-t'ang and Ch'en Ming-shu (commanders of the Canton based Fourth Route Army) broke with their patron and pledged their loyalty to Nanking at least for the time being.¹⁶⁴

At the end of March Colonel Chang Ching-yu, assistant head of the Aviation Bureau in the Ministry of War at Nanking approached Sun Fo about buying the four Curtiss demonstrators which Robertson had imported to China: Chang claimed that these were required urgently for the coming attack on the Clique at Wuhan. Since the Department of State had permitted export of the planes as demonstrators only, Robertson was reluctant to release them but he postponed any decision until he had received word from Keys in New York. Keys awaited advice from MacMurray in Peking. On April 1 MacMurray, unaware of the real situation said that he had no objection to a sale to Sun Fo. Robertson, however, held back, still waiting for Keys to reply.

On 2 April, T.V. Soong invited Robertson to his house to explain that Chiang Kai-shek was now involved and wanted the planes for the upcoming campaign at Wuhan. To stay in the good graces of the government, Robertson decided to lend two planes to the Ministry of War. Meanwhile Keys had contacted Secretary of State, Henry Stimson

¹⁶¹ *FRUS*, 1929 Vol. II 'the Minister in China (MacMurray) to the Secretary of State' Peking, 22 April 1929, p.147

¹⁶² *FRUS*, 1929 Vol. II, MacMurray to Secretary of State' 22/4/29, p.149

¹⁶³ Lary, *Kwangsi Clique*, p.141

¹⁶⁴ Lary, *Kwangsi Clique*, p.141

who on 6 April replied to Keys through a cable sent to MacMurray: the Department could 'give no approval and cannot allow itself to be associated with this particular proposed transaction.'¹⁶⁵ By this time, however, the Falcon and the Robin Challenger had left Shanghai with Colonel Chang Ching-yu on board.

The planes never reached the front. Chiang Kai-shek declared war on the rebels, advanced on Wuhan and easily forced the Kwangsi forces to retreat from the tri-city area on 4 April.¹⁶⁶ Chiang's victory, however, failed to settle scores with the Clique. In early May an ally of the Kwangsi generals, General Huang Shao-hsiung launched a counter attack against Canton. Cantonese Naval officers with gunboats anchored along the Canton Bund threatened to defect to Huang Shao-hsiung, a move which would have allowed his forces to recapture the city.

During this battle, the Cantonese armies and the Canton Air Bureau, both loyal to Nanking at this stage, went into action against General Huang. US Consul Douglas Jenkins stated that, 'an outstanding feature of the conflict was the effectiveness of the Cantonese airplanes' which bombed the rebel fleet and forced it to surrender.¹⁶⁷ By the end of the month Nanking's troops, which had moved from Wuhan to Canton had delivered a blow to the Kwangsi Clique. In early June Huang Shao-hsiung and Pai Ch'ung-hsi fled to Hong Kong. For the time being, Chiang had overwhelmed his principal regional opponents, and brought all of the provinces previously governed by the Clique under his control.

Although there are contradictory accounts of what happened on 9 May 1929, the use of bombers may have turned the tide in Nanking's favour. This was considered to be the first Chinese military campaign in which bombers had a decisive impact on the course of the conflict.¹⁶⁸ It also demonstrated that Canton was ahead of Nanking in military aviation. General Chang Wai-jung, head of the CAB took part in the bombing and not long thereafter, under the patronage of Sun Fo he was appointed to the Ministry of

¹⁶⁵ Xu, *War Wings*, p.25

¹⁶⁶ *FRUS*, 1929 Vol. II, 'the Minister in China (MacMurray) to the Secretary of State' Peking, 17 May 1929, p.153

¹⁶⁷ *FRUS*, 1929 Vol. II, the Minister in China (MacMurray) to the Secretary of State' Peking, 21 June 1929, p.162

¹⁶⁸ *CWR Who's Who in China: Biographies of Chinese Leaders* (Shanghai, 1936), p.10

War's aviation department: in August 1929 he became its director and responsible for aircraft procurement.¹⁶⁹

The China National Aviation Corporation

During the campaign against Wuhan, Robertson and the Nationalist government came to an agreement about commercial aviation. On 5 April the State Council organized 'the China National Aviation Corporation with an authorized capital of ten million dollars, Chinese currency, entirely owned by the National Government ...at the suggestion of and under the presidency of Mr. Sun Fo, Minister of Railways.'¹⁷⁰ The Minister of Communications, Wang Po-Chun was to serve as Vice President with five directors from other government ministries. The Keys-Curtiss interests contracted to provide pilots, aircraft and capital to start the services in six months time.¹⁷¹

The contract signed on 17 April called for three initial routes –the same ones which the military air bureaus acting through the National Aviation Association (NAA) had thought would be reserved for them: Canton to Hankow, Hankow to Shanghai via Nanking and Nanking to Peiping.¹⁷² A second contract covered future projects offered by Aviation Exploration: an aircraft assembly plant, flying school and other air routes: the new enterprise was 'to be a Chinese service under the control of the National Government but under American management and operation.'¹⁷³ George Sokolsky pointed out to George Rea that Sun Fo had borrowed US\$ 1 million to start an airline but this new debt would do more damage than good : 'China cannot afford to borrow anything less than \$100,000,000 without appearing to be so poor as to be unworthy of credit.'¹⁷⁴

¹⁶⁹ CWR 'Who's Who in China' 17 August 1929, p.508; Andersson, *Chinese Aviation*, p.102

¹⁷⁰ FRUS, 1929 Vol. II, 'The Minister in China (MacMurray) to the Secretary of State' Peking, 17 May 1929, p.154

¹⁷¹ CWR 'Chinese American Cooperation in Airmail Routes', 20 April 1929, p.347

¹⁷² CWR 'The Sino-American Air Partnership', 27 April 1929, p.356.

¹⁷³ NARA, RG 46 The Senate Committee on Ocean Mail and Air Mail Contracts, document 465 submitted by Roland Riggs, 2 February 1934

¹⁷⁴ HISU, 'Sokolsky to Rea' 21/8/29

To Edwin Cunningham US consul in Nanking, the scheme seemed ‘Utopian’: the American investors were “taking a pretty long chance of collecting their money.”¹⁷⁵ British observers took some delight in the gloomy prognosis: ‘the mentality of the Chinese officials may be difficult to understand, but it is pretty patent to us here that they are not particularly interested in having any foreign interests in their schemes, and apart from the purchasing of material they prefer to run their own shows...’ noted a commentator in *The Aeroplane*.¹⁷⁶ Keys was nonchalant about the whole affair. He recognised the risks and stated that ‘we enter upon them as more or less of a business adventure with full intention of financing them ourselves and meeting the gains and losses incident to them from our own resources.’¹⁷⁷

On 27 April 1929 the State Council appointed a Board of Directors for the new aviation corporation. It included Hsiung Piu and Chang Ching-yu the Director and Assistant Director of the Aviation Department in the Ministry of War as well as the Vice-Minister of Communications Li Jung-kung.¹⁷⁸ When Robertson gave in to Colonel Chang Ching-yu’s demands for the four demonstrators, he did not strengthen the position of the Keys-Curtiss interests nor of the new corporation. The regional military aviators led by Colonel Chang Ching-yu objected to the Keys contract just as they had to the Ministry of Communication’s plans for an air route. On 29 April two days after being appointed as a director of the corporation, Colonel Chang Ching-yu met with the NAA which issued a warning that it would seek cancellation of the new corporation and the contract with the Americans.

Colonel Chang then called on recently named directors to refuse their appointments, labelling the new joint venture as ‘an encroachment on China’s sovereignty.’¹⁷⁹ At stake was the monopoly on airmail tariffs which the regional militarists had anticipated would generate revenue for themselves in South China, not for the Nanking regime.

¹⁷⁵ Leary, *CNAC*, p.14

¹⁷⁶ *The Aeroplane* Vol. XXXVI no. 20, May 15 1929, p.81

¹⁷⁷ NYT Letter to the Editor, C.M. Keyes ‘Chinese Communications: Nationalist Government is Working Satisfactorily with Aviation Corporation’ 29 June 1929, p.8

¹⁷⁸ CWR ‘State Council Appoints Officers for National Aviation Corporation, 4 May 1929, p.427

¹⁷⁹ CWR ‘Chinese Militarist Airmen oppose new Aviation Contract with American Group’, 4 May 1929, p.439

Several of the NAA projects contemplated in 1928 were said to be under way by late April 1929: routes between Kwangtung and Kwangsi were 'nearing completion' with Canton as the hub; CH\$300,000 had been collected of the estimated CH\$1,000,000 needed for the Association's planned Hankow-Shanghai route. The aerodrome at Hankow (one of the three cities in the Wuhan area of Hupei) had been completed in February 1929.¹⁸⁰ The Wuhan Aviation Association was already selling first and second class tickets at CH\$18 and \$10 to fly between Hankow and Changsha: other regional branches of the Association pursued airmail projects in central and North China.¹⁸¹

As Sokolsky pointed out to George Rea, the American contract 'went the way of all flesh' because Keys had not made his representatives stay on and see the contract through.¹⁸² As for the four demonstrators, the Curtiss Robin Challenger and the Falcon were cracked up by inexperienced Chinese pilots while on loan to the Ministry of War; the Robin OX remained with its wings off at Hungjao field and the Ireland Flying Boat was stored at the Navy air hangar on the Whangpoa.¹⁸³ In the absence of Keys-Curtiss representatives, the US district attorney in the International Settlement of Shanghai, Dr. George Sellett started to look after their interests.¹⁸⁴

Once the Robertson party left Shanghai, Sun Fo did little to defend the new corporation. As Minister of Railways Sun had responsibilities that were far more demanding than the fledgling airline project: those challenges increased during the summer of 1929 with a Sino-Russian confrontation over the Chinese Eastern Railway in Manchuria. The Nanking regime looked to Wang Po-Chun, not Sun Fo to exercise authority over its commercial aviation and overrule the troublesome regional bureaus. In mid-June the KMT Central Executive Committee decided to place all radio and commercial aviation projects under the Minister of Communications, who had laid claim to both areas as far back as July 1928. The Committee put out a statement that this decision 'regarding civil aviation has no bearing on the Curtiss contracts which have been approved by the State Council. The contracts stand.'¹⁸⁵

¹⁸⁰ CWR 'Aeronautical Progress in China', 27 April 1929, p.374

¹⁸¹ CWR 'Aeronautical Progress in China', 27/4/29, p.374

¹⁸² HISU, Sokolsky to Rea 21/8/29 & HISU, Minard Hamilton papers, Diary, p.7

¹⁸³ HISU, Hamilton, Diary, p.13; NYT 'American Air Lines held up in China', 11 June 1929

¹⁸⁴ HISU, Hamilton, Diary, p.13

¹⁸⁵ CWR 'Civil Aviation and Radio Put under Communications Ministry', 22 June 1929, p.180

A special report to *The New York Times* on 11 June stated that ‘at the [Communication] Ministry’s instigation’ Chinese aviators had risen up against the Americans: ‘they assert they fought a revolution to regain China’s railways, customs, post offices, &c., from foreign control and that now the first thing the Nationalist government does is to hand the newly organized airways over to foreigners.’¹⁸⁶ The newspaper misconstrued the alliance between the military aviators and the Minister of Communications: Wang Po-chun opposed the regional militarists; he had also employed foreign planes and pilots in the Ministry’s new air service. The rivalry in fact was trilateral between the Keys-Curtiss interests aligned with Sun Fo, the central government represented by the Minister of Communications and the military air bureaus supported by Colonel Chang Ching-yu in the Ministry of War.

To counter charges that the project was in disarray, Keys wrote to *the New York Times* on June 24. He reassured the paper that ‘Aviation Exploration Inc. which is my organization working with the Chinese Government has a definite contract with that government.’¹⁸⁷ Furthermore, he claimed, equipment and personnel were on their way to China. In June 1929, however, Keys had little time to feel anxious about his small investment in China. He was entirely focussed on the merger which he had brought about between the Curtiss group of companies and Wright Aeronautical: the establishment of the Curtiss-Wright Corporation was announced on 27 June. The combined group had assets of over \$75 mn. With this coup, Keys became ‘the Harriman of aviation.’¹⁸⁸

In June 1929 Keys also started to assemble pilots, mechanics and seaplanes for the China venture.¹⁸⁹ Ernest B Price, the former US consul in Nanking, became president of a new enterprise, China Airways to operate the airmail service on behalf of the new Sino-American corporation. He was well known in diplomatic circles: he had done two tours of duty in Peking and reopened the consulate in Nanking early in 1929. Keys and Robertson chose Price largely on the basis of his close relationship to Sun Fo on whom they continued to rely to protect their interests.¹⁹⁰ Price advised his new employers that

¹⁸⁶ NYT ‘American Airlines held up in China’, 11 June 1929

¹⁸⁷ NYT Keyes Letter ‘Chinese Communications’ 29/6/29, p.8

¹⁸⁸ Eltscher & Young, *Curtiss-Wright*, p.51

¹⁸⁹ Leary, *CNAC*, p.18

¹⁹⁰ CWR ‘American Consul Price resigns from Nanking Post’, 29 June 1929, p.222

‘the Chinese corporation and the enterprise of Aviation Exploration Incorporated will stand or fall, succeed or fail, largely as Sun Fo stands or falls, succeeds or fails, as a factor in the Chinese government.’¹⁹¹

Meanwhile, on 9 July, Minister of Communications Wang launched an airmail service between Shanghai and Nanking: Captains W.R. Henderson and J.R. Machle flew one of the new Stinson-Detroitters from Hungjao aerodrome to Nanking, landing at the National Aviation field at the Hsi Hwa Men gate.¹⁹² On 26 August, the new service began to carry a few passengers on the same line.¹⁹³ Thereafter despite weather and maintenance problems, the Ministry ran a fairly regular mail and passenger service between Nanking and Shanghai: in the first three months of service, it missed only 6 scheduled flights.¹⁹⁴ Wang Po-chun overtook both Clement Keys and the regional air bureaus to become the father of China’s civil aviation.

Intercontinent Aviation

On 1 August 1929 Keys established the second of the two corporations which he had described to Clarence Dillon the year before. Intercontinent Aviation Inc was limited to an issue of one million shares without par value and commenced business with \$1000.¹⁹⁵ In every other respect, the terms of incorporation for Intercontinent were the same as for Aviation Exploration. Keys appointed many of the same associates to the Board of Intercontinent who served as directors for Curtiss-Wright and North American Aviation.¹⁹⁶

On 26 August China Airways was registered under the China Trade Act of 1922 and Ernest Price was named as its president in the first week of September 1929. It was a wholly owned subsidiary of Intercontinent Aviation and served as the operator for

¹⁹¹ Leary, *CNAC*, p.20

¹⁹² *CWR* ‘Civil Aviation and Radio put under Communications Ministry’, 22 June 1929, p.180

¹⁹³ *NCH* ‘Air Mail Service Inaugurated’ 15 July 1929, p.34

¹⁹⁴ *NCH* ‘Well known airman leaving’, 28 December 1929, p.511

¹⁹⁵ State of Delaware, Department of State Dover, Delaware ‘Certificate of Incorporation of Intercontinent Aviation, Inc.’ 1st August 1929 (0265012), filed under the laws of the State of Delaware on August 5, 1929 p.9

¹⁹⁶ State of Delaware, Department of State Dover, Delaware Annual Report-Delaware Corporation Intercontinent Aviation Inc, 20 December 1929

China National Aviation Corporation.¹⁹⁷ China Airways also replaced Aviation Exploration Inc as the public face of the Keys-Curtiss interests in Shanghai.

In mid-September Jack Allard, the President of Curtiss Aero Export Corporation briefed the press on the scope of the China project. The company was shipping to Shanghai four Fledgling training planes in addition to the five Loenings: the Fledglings would be used to train Chinese pilots some of whom would also be taught in the United States. Allard suggested that China Airways would eventually have a fleet of 35-40 planes to cover some 3000 miles per day. The company would also construct four radio stations just for the Shanghai to Hankow line.¹⁹⁸

In Shanghai, the outlook for China Airways bore no resemblance to the enterprise described by Jack Allard. The company hardly had the facilities to shelter one airplane, no less a fleet of 35-40 planes. A bamboo hangar which protected the Curtiss Robin OX at Hungjao field had blown apart in a high wind. As one of the new managers, Minard Hamilton noted in his diary, there was 'no field that we can use. The Army field at Hungjao would be suitable but although we have temporary permission to use it, we will have to make other arrangements when we start operating.'¹⁹⁹ At the end of August, Hamilton still had not obtained permission to land planes at any of the military airfields: he hoped to secure temporary space for the Loening seaplanes (when they arrived) at Lunghwa, the airfield for Army seaplanes.²⁰⁰ Delivery of the Loenings was delayed until late September – early October. As Hamilton remarked, 'this makes it an awfully tight squeeze to get the first route in operation by October 17th, which is what the contract calls for. Also it rather upsets our program which had been predicated on the arrival of the planes during the month of September. However we will have to get along as best we can.'²⁰¹

On 12 and 13 October 1929 China Airways organized a small party including journalist Edgar Snow to make the first trial flight by seaplane between Shanghai, Nanking and

¹⁹⁷ Leary, *CNAC*, p.19

¹⁹⁸ *Aviation* 'Curtiss will Train Native Chinese Pilots' 21 September 1929, p.621

¹⁹⁹ HISU, Hamilton, Diary, p.10

²⁰⁰ HISU, Hamilton, Diary, p.14

²⁰¹ HISU, Hamilton, Diary, p.14

Hankow. Snow was ecstatic in his report on 'the Middle Kingdom' from the air.²⁰² Nonetheless, there were still legal and financial obstacles to overcome for China Airways to meet its 17 October deadline. As Wang Po-chun was in charge of the postal service, he continued to channel all airmail between Shanghai, Nanking and Hankow onto his Stinson-Detroitters in breach of the Keys-Sun Fo contract. Sun Fo urged Price to turn a blind eye but Price insisted that until the Ministry of Communications respected the new corporation, China Airways would refuse to fly. Sun Fo finally took the issue to the State Council. On October 18 it issued orders to the Ministry of Communications to respect the contract, an action which saved appearances and allowed the flight to go ahead.²⁰³ On 21 October China Airways finally inaugurated the airmail passenger service: a Loening seaplane carried Sun-Fo and other dignitaries from Shanghai along the Yangtze River to Hankow.

In New York, however, there was no cause for celebration. On 19 October the New York Stock Exchange revealed that through the course of September aggregate market values had declined by 2.3%: for the aviation sector the drop was 10 times greater, from \$732.6 mn to \$563.9 mn or 23%.²⁰⁴ Curtiss-Wright common stock went from \$31 to \$9 within days.²⁰⁵ North American Aviation slumped from its peak in 1929 of \$19.25 to \$4, further deflating the cushion of capital on which Keys had relied.²⁰⁶

The wave of bad news hit China Airways almost immediately. On October 29 when Price cabled Keys about extending routes, the response from New York was categorical: 'directors unwilling to proceed with additional large capital investment without definite information on revenue and operating condition present line and further assurance of government support. Advise urging slowness starting additional routes.'²⁰⁷

China Airways carried on with the Shanghai-Hankow route despite the precarious state of finances. In mid-November Price attempted to recover the airmail earnings and promissory notes: US\$15,480 was owed to the company under the terms of the contract.

²⁰² CWR, Edgar Snow, 'The Middle Kingdom from the Clouds', 19 October 1929, p.273

²⁰³ Leary, CNAC, p.22

²⁰⁴ NYT 'Huge Drop in Month in Exchange Stocks', 19 October 1929, p.27

²⁰⁵ Eltscher & Young, *Curtiss-Wright*, p.55

²⁰⁶ *Moody's Manual of Investments*, (New York, 1931), p.1665

²⁰⁷ Leary, CNAC, p.23

Sun Fo asked for a month's reprieve to arrange for the Ministry of Communications to turn over the receipts. When Keys in New York heard that the Corporation and China Airways faced a stalemate over contract revisions, he suggested that it be 'indefinitely suspended or cancelled if Chinese Government wishes.'²⁰⁸

As the deadline of 15 December 1929 approached, Wang Po-chun continued to block the release of the airmail receipts to China Airways. Sun asked the State Council to intervene and force Wang to hand over the airmail receipts. Otherwise they would have to accept Sun's resignation as President of the corporation. The Council pleaded impotence, accepted Sun's resignation and promptly replaced him with Wang as the president of China National Aviation Corporation.

In New York, the share prices for Curtiss-Wright and North American Aviation hit a low in the middle of December and stayed there through January of the New Year. In a cable to Price, Keys insisted, 'we will not consider any further capital expenditure or even continue operations...unless contract revision definitely settled.' Price was advised to negotiate for a revised formula of compensation based on cash payments from the Chinese government operations at either the rate of \$1.25 per mile (the estimated operating cost) or \$0.80 per pound of first class mail with a minimum obligation of 1,800 pounds a day carried. 'If neither basis possible' ended the cable from New York, 'endeavour to negotiate sale entire investment.'²⁰⁹

In January 1930 Wang sought cancellation of the agreement with China Airways from the State Council which on January 31, decided in his favour. Although the Council did not publicise its action, Wang circulated the news, oblivious to the consequences. Senior government officials and the press recognised that foreign investors would take fright if they could not count on the Chinese government to honour its agreement with a foreign enterprise. Arthur Nichols Young, one of the senior foreign financial advisers in the Chinese Government warned that cancellation 'would be injurious to the credit and prestige of the government, and would tend to discourage further investment of capital

²⁰⁸ Leary, *CNAC*, p. 24

²⁰⁹ Leary, *CNAC*, p. 27

in the country.’²¹⁰ After a week of controversy, the State Council announced on 7 February 1930 that it would not cancel the contract and would start fresh talks with China Airways; it was a victory for Ernest Price but a dangerous loss of face for Minister Wang.

Wang remained in charge of the airmail service and demanded the dismissal of Ernest Price as a condition for renegotiating the contract. The Keys organisation quickly realised that to curry favour with the government, it would have to let Price go: he learned by cable that his services were no longer warranted as ‘stockholders feel that expenses must be curtailed to the extent of possible.’²¹¹ It was a low blow for Price who had sacrificed his diplomatic career and his reputation in China for the airline. On June 22, 1930 he and his family left Shanghai never to return.

The 1930 Wall Street rally

Keys might have let the China venture lapse but through the course of February and March 1930 a market rally restored the value of Curtiss Wright and North American Aviation to the level of the previous November – still only about a third of their value at the peak of trading in May 1929. R.R. Doane the assiduous observer of aviation finance commented in early April ‘the present confidence is proving more than satisfactory.’²¹² Furthermore Intercontinent’s new foreign venture in Cuba was steadily moving ahead.

In September 1929 just before the crash, Keys announced the formation of *Compañía Nacional Cubana de Aviación Curtiss*. The new company, would establish sales agencies for American aviation products, airmail and passenger airways, cross-country and air taxi service, a complete system of flying schools and the installation of an aerial photographic unit for agricultural use.²¹³ *Cubana* provided a model for developing aviation services in less developed countries. In January 1930 the airline’s president William D. Pawley sold three Curtiss Hawk P-6 warplanes to the Cuban Government. As *the Miami Herald* reported, ‘costing more than \$20,000 each, the planes featured

²¹⁰ Leary, *CNAC*, p. 28

²¹¹ Leary, *CNAC*, p.29

²¹² *Aviation*, 12 April 1930, p.774

²¹³ *NYT* ‘Cuban Airline Formed’ 20 September 1929, p.20

two fixed mounts for guns, Wasp engines, and Nelson synchronizer gears.’²¹⁴ On 24 February 1930 Pawley opened the new Curtiss airport near Havana with the blessing of Cuba’s President Machado and the Curtiss flying school at the airport on March 7. In addition to the in-country flights, *Cubana* also planned a Miami-Havana route.²¹⁵

The New China National Aviation Corporation - CNAC

Having overcome the impasse with Wang Po-chun, Keys required a new representative to negotiate the revised contract with the government. One of his associates, Cyril McNear suggested an old friend Max Polin who allegedly knew China well: he arrived in Shanghai sometime in March 1930.²¹⁶ At the end of June as Ernest Price sailed home, Polin worked out a new agreement with the Chinese government. On 8 July 1930 Polin and Wang consolidated the operations of China Airways and the Ministry of Communication’s air routes. The new enterprise retained the name China National Aviation Corporation and became known as CNAC.

The Chinese government had the majority share – 55% - and China Airways held the remaining 45%.²¹⁷ CNAC had capital of \$1.3mn: the Chinese government provided \$715,000 while \$585,000 came from China Airways. The minority share was treated as a credit for the investment already made by the Keys group but in addition, the Americans were obliged to invest another \$558,000 over the first 18 months of operations. The Chinese were credited with \$240,000 for the investment in Wang’s Shanghai-Hankow-Chengtu line and the original corporation; the government was committed to paying the rest of their share -- \$675,000 – by December 1, 1931.²¹⁸ The Shanghai based English language weekly *China Weekly Review (CWR)* which was a staunch but critical supporter of Chiang’s regime, applauded an agreement with a foreign partner which, for the first time ‘is really compatible with Chinese

²¹⁴ *The Miami Herald* ‘Two Armoured Planes are sold to Cuba’ 30 January 1930

²¹⁵ Carrozza, *Pawley*, p.16

²¹⁶ CWR, 22 March 1930, p.144

²¹⁷ *The Wall Street Journal*, ‘Air Transportation Progress in China’ 15 September 1930, p.2

²¹⁸ Leary, *CNAC*, pp.33-34

sovereignty.²¹⁹ CNAC's first president was the Communications Minister Wang Po-chun.

The battle over CNAC dispelled once and for all the challenge by regional military air bureaus for control of China's air routes. Nonetheless senior officers from the Nationalist Ministry of War found their way on to the board. In 1930-1931, General Ho Chi-wu, the brother of Chiang's long standing Minister of War Ho Ying-chin was managing of CNAC.²²⁰ Moreover the Nationalist Government used the new arrangement with the Curtiss-Keys group as a model for further partnerships in aviation, notably with the German national airline, Lufthansa to establish *Eurasia* for flights between Shanghai and Berlin. From 1927 onwards, German military advisers had exerted considerable influence over Chiang in reorganising the army and providing campaign strategy; Lufthansa had worked towards such a deal since December 1928.²²¹

CNAC now faced the task of extending its existing route between Shanghai, Hankow and Nanking while opening new ones. The military controlled the country's airfields and airports and were still suspicious of sharing facilities with commercial operators. Many cities that CNAC hoped to connect to its Shanghai 'hub' were in areas controlled by warlords: Chengdu for example was in Szechwan province controlled by Marshal Liu Hsiang, and Canton was now under the control of Li Tsung-jen. From May to September 1930, Chiang was once again embroiled in civil war with the Kwangsi clique around Hankow which interfered with the operation of commercial air service.

The difficulties which China Airways and CNAC faced in 1930-1931 were compounded by those of Clement Keys who in 1931 began to lose control of his empire. Over the years Keys had established cross-holdings between the different companies in the group which were linked together by share ownership rather than management: Curtiss-Wright, North American Aviation and Sperry Gyroscope were the

²¹⁹ Leary, *CNAC*, p.35; for background on *China Weekly Review (CWR)*, see John Maxwell Hamilton 'The Missouri News Monopoly and American Altruism in China: Thomas F.F. Millard, J. B. Powell, and Edgar Snow' *Pacific Historical Review*, Vol. 55, No. 1 (Feb., 1986), p.39

²²⁰ William Langhorne Bond, ed. James Ellis, *Wings for an Embattled China* (Cranbury, NJ, 2001), p.71

²²¹ *NCH* 'Proposed Chinese Air Service', 1 December 1928, p.338

largest, Intercontinent the smallest of which North American held 56 % of the stock.²²² He manipulated transactions and channelled company revenue through his personal bank C.M. Keys & Co. to subsidise stock market speculation. In 1931 an audit uncovered the extent of the damage; he owed North American Aviation US\$ 766,000 but had assets of only US\$100,000 to cover the debt.²²³ Although Keys retained the chairmanship of several committees, the boards of his companies removed him from all positions of authority. In 1931 Thomas A Morgan the head of Sperry Gyroscope became president of North American Aviation and Curtiss-Wright.²²⁴ On 6 January 1932, Keys tendered his resignation to North American and withdrew entirely from public life.²²⁵

Conclusions

The followers of Sun Yat Sen coined the phrase *National Salvation through Aviation* but after the establishment of the KMT regime at Nanking, aviation became a battle ground between the centre and the regions. The founding of CNAC revealed two fundamental preoccupations of the new KMT regime: political unification and national sovereignty. On behalf of the central government the Minister of Communications wrested control over airline routes from regional militarists. The 'public-private' partnership which the Nationalists finally formed with foreign investors ensured that sovereignty was respected: the central government had the majority of shares and voting rights on the board of CNAC and Eurasia. In setting up the first airlines, the Chinese were content to delegate operations to foreigners while retaining senior management positions for both civilian and military leaders. Nonetheless, Americans remained largely in charge as chief pilots and operational managers until the company was dissolved on 31 December 1949: over the course of twenty years, Chinese accounted for only 15 % of the total number of pilots with the rank of captain.²²⁶ It can be inferred that Wang preferred foreign to Chinese personnel not only because of their

²²² University of Pennsylvania Library *North American Aviation Annual Report 1931* (<http://www.library.upenn.edu/collections/lippincott/corprpts/naa/naa1931.pdf>)

²²³ Eltscher & Young, *Curtiss-Wright*, p.59

²²⁴ NYT 'T.A. Morgan in new post' 25 June 1931, p.34

²²⁵ *North American Aviation Annual Report 1931*

²²⁶ Leary, CNAC, p.226 & my estimate based on pilot list of [www. CNAC.org](http://www.CNAC.org)

competence but because they had no affiliation with any military factions in the National or regional air bureaus from which most pilots came.

The Nationalists had not invited Clement Keys to help them develop aviation nor did Keys set out to assist China by launching his China venture. He and his associates at Dillon Read imposed themselves upon Sun Fo in search of a monopoly on a bond issue, on an airline and on aircraft sales. Keys was a case study in 'irrational exuberance'.²²⁷ He believed in a perennial stock market boom which would cancel out any losses experienced at home or abroad. Such was his overconfidence, that before plunging into China, he hardly took any soundings about its internal politics. He was not alone, however, in his fascination with the China market which continued to tantalise experienced China observers in the interwar period. In 1936 the British leader of an economic mission to China Sir Frederick Leith-Ross described China as 'perhaps the most important market in the world for highly manufactured goods'.²²⁸

In creating CNAC, the Keys-Curtiss group and the Nationalist government forged an agreement which not only conformed to American legal and commercial practice but satisfied China's quest for sovereignty. The Sino-American partnership in aviation was fundamentally different from the bilateral agreements which the Nationalist regime formed with two other foreign aviation interests, Fascist Italy and the Soviet Union because it was a venture with a private American firm which had no other support than US government laws to guarantee the contract. By contrast, the Nationalists negotiated agreements to secure Italian and Soviet assistance which had no reference to international law or the law of either country: politics rather than law determined whether or not their terms would be fulfilled and their longevity.

Two enduring traits became evident in this early period : the tendency of Americans to embark on aviation projects with little or no reference to intelligence about Chinese politics or the conditions which would affect operations. This included blind faith in their Chinese patron, Sun Fo, the only Chinese politician whom the Americans knew

²²⁷ Alan Greenspan, 'Remarks at the Annual Dinner and Francis Boyer Lecture of the American Enterprise Institute for Public Policy Research', Washington D.C., 5 December, 1996

²²⁸ Quoted by Jürgen Osterhammel, 'Imperialism in Transition: British Business and the Chinese Authorities, 1931-37' *The China Quarterly*, No. 98 (Jun., 1984), p.260

and with whom they could speak English. Secondly Americans consistently underestimated how long it would take to organise an aviation project. Keys had believed that he could throw together an airline ‘within a comparatively short time.’ Because planes were faster than trains, businessmen and politicians alike believed that air operations could be established far more quickly than building railways. Although there was some truth in that presumption, through the entire interwar period, aviation proved to more time consuming and costly than anticipated. By the time planes arrived, many were obsolete, by the time a project was realised, it was overtaken by events or had ceased to be relevant. Through the interwar period, these misconceptions about the speed with which airplanes could be delivered and deployed compounded the misunderstandings which Chiang’s regime and American aviation interests faced as they tried to manage joint ventures.

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From a financial and economic point of view, the strategy which Keys implemented in China was doomed to failure. He had invested in ventures without understanding the technical as well as political difficulties in China, particularly the resistance posed by the military. His speculative streak created Intercontinent Aviation and CNAC but could not sustain them. It was up to Juan Trippe of Pan American to fulfil Keys vision of a global network of airlines and William D Pawley to realise Keys’s ambition to develop aircraft factories and military aircraft sales in China.

Chapter II *National Salvation through Aviation*

In March 1935, Wing Commander Robin Willock, the British air attaché summed up the state of the Chinese Air Force: ‘although vast sums of money have been spent on military aircraft, there appears to be no definite policy with regard to their employment except as accessories to Marshall Chiang Kai-shek’s proclaimed political and ambitious aim for the unification and pacification of China’.²²⁹ The result, he observed was ‘a lamentable lack of any air strategy vis-à-vis China’s potential enemy, Japan and the National Air force is concentrated in the two Provinces of Kiangsi and Chekiang, being utilised in attempts to suppress communism in adjoining provinces and for the purpose of consolidating and improving the position of the Generalissimo.’

This chapter looks at the effort of the Nationalists to transform its Nanking air bureau into an air force in 1932-1937. It charts a series of initiatives which the regime adopted following the ‘brief but bloody encounter’ with Japan at Shanghai in January-March 1932.²³⁰ In the aftermath of the war, the Finance Minister, T.V. Soong tried to establish an air force devoted to national defence under the supervision of an unofficial American air mission. This was doomed to failure owing to resistance by the Chinese military including Chiang Kai-shek whose policy of ‘first pacification, then external resistance’ reversed the priorities which Soong and his American friends set for airpower.

Although Chiang deployed the air force for limited tactical operations against his internal enemies, he counted on airpower mostly for psychological and propaganda impact. He also regarded the possession of long range bombers as a deterrent to Japan: he wanted to impress upon Japan that he had the means to bomb Taiwan and other Japanese territory if it dared to interfere in South China while he was in the process of eliminating Communists enclaves there. Eventually he hoped to develop a genuine ‘bomber command’ which if necessary could carry out offensives against Japan itself but in the short term Chiang’s bombers were to serve as a ‘scarecrow’.

²²⁹ TNA, FO/371/19297 F1779 18 March 1935 ‘Annual Report Aviation in China 1934’, p.191

²³⁰ Donald A. Jordan, *China’s Trial by Fire: the Shanghai War of 1932* (Ann Arbor MI, 2001), p.235

The political setting

In the spring and summer of 1931, the KMT was in crisis: Chiang and his wing of the party at Nanking had been on the verge of civil war with the Canton faction from February 1931 onwards after putting the veteran KMT leader Hu Han-min under house arrest.²³¹ One of the dramatic manifestations of the breakdown in relations was the defection of Colonel Chang Wai-jung, head of the Nanking Air Bureau in the War Ministry. On 20 April 1931 Colonel Chang chaired a National Aviation Conference which the Generalissimo addressed, emphasising the role of aviation in communications and political unification.²³² On 28 April 1931 Cantonese pilots attending the conference joined with aviators from the Air Bureau to fly five of its planes to Canton: four were highly prized Chance Vought Corsairs. Not long thereafter Chang Wai-jung also fled to Canton where he resumed his old post as head of the Canton Air Bureau.²³³ T.V. Soong told Intercontinent's second president George Westervelt that 'Chang Wai-jung had double crossed them' by ordering planes which were subsequently sent to Canton.²³⁴

Chiang Kai-shek drew lessons from this misadventure with 'the Chinese Lindbergh': loyalty became more important than skill or experience in aviation. Leadership of the Nanking Air Bureau passed to General Whang Ping-heng, who returned from an extensive tour of US aircraft manufacturers to become its director.²³⁵ From 1931 onwards, a clique of Army officers rotated through the air administration. Chiang also removed aircraft procurement from the Bureau and placed it in the hands of T.V. Soong. Officers involved in administration were allowed to participate in tours of foreign manufacturers and to recommend aircraft models but were barred from participating directly in aircraft orders until 1939.

In September 1931 the Japanese seized Manchuria with hardly a shot fired. The invasion triggered violent anti-Japanese boycotts in the treaty ports which carried on

²³¹ So Wai Chor 'The Origins of the Wang-Chiang Cooperation in 1932' *Modern Asian Studies*, Vol. 25, No.1 (Feb.,1991), p.182

²³² CWR 'National Aviation Conference is held at Nanking' 2 May 1931, p.320

²³³ Andersson, *Chinese Aviation*, p.33 & p.104

²³⁴ University of Virginia, Alderman Memorial Library, Special Collections Department, The papers of George Conrad Westervelt (Accession Number 6115), (UVA GCW) 'George Westervelt to John Sanderson' 19 May 1931, p.6

²³⁵ CWR 'Nanking plans Five year Air development program' 6 June 1931, p.27

into the New Year and escalated into a series of armed confrontations at Shanghai. In late January 1932, after months of infighting, Chiang returned to government and worked out a power-sharing arrangement with the veterans of the KMT 'left' Wang Ching-wei and Hu Han-min. They were still assembling a new cabinet when skirmishes erupted at Shanghai on the night of 28 January. The following night, Chiang and Wang devised their 'two pronged' policy towards Japan: 'on the one hand resist, on the other hand negotiate': Chiang hoped to stage a decent fight at Shanghai and seek peace as quickly as possible.²³⁶

Until 28 January 1932 the Sino-Japanese conflict had unfolded far afield in Manchuria and the border areas north of Peking, largely unseen and unreported by the Western press. From the first day of the conflict, however, Japanese aviators wreaked havoc on Shanghai which turned the city's foreign residents and their newspapers at home against Japan. 'The savage bombing operations...' wrote *the Times* on 2 February 1932 'have greatly estranged foreign sentiment which was at first inclined to sympathize with the Japanese government' when the Chinese government had failed to crack down on the anti-Japanese boycotts across the country.²³⁷

Over the course of six weeks the Japanese brought reinforcements to the city and by 27 February had amassed two hundred airplanes at Shanghai, which represented half of their total air fleet at that time.²³⁸ They outnumbered the Nanking Air Bureau by about three to one. The newly appointed Mayor of Shanghai Wu Te-chen (allied to the Canton faction) assured foreign residents that Chinese air units would neither carry bombs nor attack any bomb-laden Japanese planes over the city: they would, however, be armed with machine guns to chase enemy bombers away.²³⁹ Chinese aviators also scattered leaflets from their planes which supplemented the Mayor's assurances.²⁴⁰

²³⁶ So, 'Wang-Chiang Cooperation', pp. 222-223

²³⁷ *The Times of London*, 'Critical Hours in Shanghai', 2 February 1932, p.13

²³⁸ Jordan, *Shanghai War*, p.169

²³⁹ NYT 'Heavy Guns Reopen Shanghai Fighting' 7 February 1932, p.24

²⁴⁰ FRUS, 1932 Vol.ume III, The Consul General at Shanghai(Cunningham) to the Secretary of State, Shanghai' 7 February 1932, pp.246-247

Air combat proved to be limited. On 5 February Chinese pilots brought down three Japanese aircraft but became inactive thereafter.²⁴¹ The western press might have paid little attention to the Nanking air force altogether had it not been for the death of an American pilot, Robert Short who had volunteered as a Lieutenant in the Chinese Army. On 22 February he allegedly brought down a Japanese plane in a dogfight over Soochow Creek and the next day died when attacked by a group of Japanese fighters.²⁴²

CWR quickly made political capital out of his death: Short, it claimed, was 'one of many scores of American and Canadian fliers who have offered their services in the present struggle: his death had 'an electrical effect on American and Canadian aircraft circles and 'sensational developments' could be expected shortly.'²⁴³ In its coverage of Short's death and memorial service, the Chinese press also hailed him as 'a great friend of China seeking to assist her against [the] Japanese aggressor': on behalf of the government T.V. Soong cabled condolences to his mother.²⁴⁴ American diplomats, however, immediately distanced themselves from China's new hero. Edwin Cunningham, the US Consul at Shanghai reacted to Short's death by informing the Japanese Consulate that Short and any other Americans who fought for a foreign army could be prosecuted under Section 4090 of the US Revised Statutes.²⁴⁵ This was the first of several occasions when, to avoid provocation of Japan, the State Department protested that Americans who worked for the Chinese military had a status might be treated as traitors to their own country.²⁴⁶

While the war was on, foreign observers criticized the performance of Japanese aviators. The US assistant Naval attaché, Parker Tenney commented on the weakness of the Japanese military particularly noting that 'airplanes have been used ineffectively and

²⁴¹ *FRUS*, 1932 Vol. III 'The Consul General at Shanghai (Cunningham) to the Secretary of State Shanghai' 5 February 1932, p.226; NARA, RG165, File no.2078-95, Report No. 8217 19 February 1932 'Current Aviation Activities', p.1

²⁴² *FRUS*, 1932 Vol.ume III, The Consul General at Shanghai(Cunningham) to the Secretary of State, Shanghai', 26 February 26 1932, p.451

²⁴³ *CWR* 'American Aviator shot down by Japanese Planes at Soochow' 27 February 1932, p.398

²⁴⁴ *NYT* 'China Plans Honors for American Flier, 25 February 1932, p.10

²⁴⁵ *FRUS*, 1932 Vol.ume III, The Consul General at Shanghai(Cunningham), to the Secretary of State, Shanghai' February 26, 1932 p.451

²⁴⁶ *FRUS*, 1937 Vol. IV 'the Secretary of State to the Ambassador in China (Johnson) Washington', 7 September 1937, pp. 524-525

have given the impression of obsolescence.²⁴⁷ Nor did Japanese airpower undermine the resolve of the Chinese soldier: 'the attempt has been made to blast the Chinaman from his trenches, to bury him with metal, and to wreck his morale. A soldiery equipped in most instances with antiquated weapons but armed with an unexpected courage has over a favourable terrain made Japan pay for each inch of advance.'²⁴⁸

As Tenney's remark suggests, the lack of a Chinese air force did not pose a disadvantage because the Japanese air force proved to be less competent than expected; although airpower caused destruction, it did not force surrender. If the Nanking Air Bureau had allowed squadrons to carry bombs and attack the Japanese navy, collateral damage to the city would have been far greater than it was.

After the cease-fire was signed on 3 March the Chinese counted the dead and damage to the city. An estimated forty thousand Chinese troops were sent to Shanghai: army casualties came to 11,698 of which 4000 died.²⁴⁹ The Japanese were reported to have dropped 394 large bombs and 1,070 smaller ones from 7 February to 3 March.²⁵⁰ The League of Nations put civilian casualties at 13,000.²⁵¹ In the war zone, close to 80 % of all housing and 70 % of commercial as well as industrial buildings were damaged.²⁵² Major institutions were destroyed such as the Commercial Press and the National Oriental Library both founded by T.V. Soong's father, Charlie Soong: the press had expanded into a plant valued at US\$50,000,000 employing some 14,000 Chinese workers and the library contained the country's major collection of Oriental manuscripts.²⁵³ The principal targets of Japanese bombardment were textile mills which competed directly with those in 'Little Tokyo,' the Japanese area in the North sector of the International Settlement. By the end of the war, 80 % of urban workers had lost their jobs; 50 % of all factories in Chapei were destroyed largely from aerial bombardment

²⁴⁷ NARA, RG 165 File 2055-622 no.8231 'Comments on Current Events, February 17-March 1, 1932' 1 March 1932, p.4

²⁴⁸ NARA, RG 165 no.8231 01/03/32 p.2: other American diplomats shared this opinion. See *FRUS*, 1932 Vol. III 'The Consul General at Shanghai (Cunningham) to the Secretary of State Shanghai', 15 February 1932, p.332

²⁴⁹ Jordan, *Shanghai War*, p.188

²⁵⁰ NARA, RG165, File no.2078-95, Report No. 8239 'Current Aviation Activities' 16 March 1932, p.1

²⁵¹ Jordan, *Shanghai War*, p.192

²⁵² Jordan, *Shanghai War*, pp.193-194

²⁵³ Jordan, *Shanghai War*, p.48

and an estimated 1.2 million Chinese had become refugees.²⁵⁴ The Japanese air force had proved itself to be a formidable weapon of economic warfare regardless of what western observers felt about its tactical merits.

In the immediate aftermath of the war, Chiang's opponents criticized his management of the campaign.²⁵⁵ The Canton faction argued that casualties would have been far less had he been willing to send more troops to Shanghai earlier – there were, at that time, two million troops in various armies across China. There was also controversy as Parks Coble has observed, over the role (or non-role) of the Chinese navy.²⁵⁶ Cantonese writers suggested that the head of the Chinese fleet colluded with Japanese naval commanders: if the Chinese Navy had blockaded the Yangtze, it might have prevented the Japanese landing in the early stages of the war.²⁵⁷

The Nanking Air Bureau fared no better. In early February Parker Tenney commented that General Whang Ping-heng, commandant of the Nanking Air Bureau was subjected to the 'most insulting criticism' for failing to engage the enemy in the second half of February.²⁵⁸ In Tenney's view the fault was not with the Air Bureau but politicians who could not 'drop their differences and resist the common enemy with a united front'.²⁵⁹ After the ceasefire, on 14 April 1932, General Whang offered his resignation.²⁶⁰ Nevertheless he was retained as head of the Nanking air bureau because he had the confidence of Chiang and the Minister of War Ho Ying-chin.²⁶¹

Those with a vested interest in aviation used the Shanghai war as proof that air bureaus needed to be 'strengthened'. At the end of March 1932 General Chang Wai-jung, asserted that strengthening the country's military aviation was 'a means of saving the country from aggression:' he pointed to the Japanese bombing of unarmed civilians at

²⁵⁴ Joshua A. Fogel, "Shanghai-Japan": The Japanese Residents' Association of Shanghai', *The Journal of Asian Studies* Vol.59, No. 4 (Nov.,2000), p.936

²⁵⁵ Parks M. Coble, *Facing Japan: Chinese Politics and Japanese Imperialism, 1931-1937*(Cambridge MA & London,1991), p.51

²⁵⁶ Coble, *Facing Japan*, p.52

²⁵⁷ Coble, *Facing Japan*, p.52

²⁵⁸ NARA, RG165, no.8227 01/03/32 p.1

²⁵⁹ NARA, RG165, no.8227 01/03/32 p.1

²⁶⁰ NARA, RG165,File no.2078-95, Report No. 8289 'Current Aviation Activities' 12 May 1932, p.1

²⁶¹ NARA, RG165,File no.2078-95, Report No. 8483 'Current Aviation Activities' 26 October 1932, p.1

Shanghai and alleged that with more planes, Chinese ‘aviators with their superior skill can easily avenge the Shanghai victories.’²⁶² Chang’s hyperbole was not very different from the rhetoric which American businessmen and diplomats employed to persuade T.V. Soong that the central government could ‘easily’ build an air force to wreak vengeance on the Japanese. One of the most articulate airpower advocates was George Westervelt of Intercontinent Aviation.

George Westervelt and Chinese aviation

In early December 1930 Captain George Conrad Westervelt (USN) took over from Clement Keys as President of Intercontinent and also became a director of North American Aviation which at that time had the controlling interest in Intercontinent.²⁶³ On 26 December 1930 he arrived in Shanghai to deal with the losses incurred by China Airways, the operator for CNAC. Towards the end of 1931, operations had revenues improved but the cash assets of the airline were nearly depleted: the Chinese had not provided their share of funding.²⁶⁴ As the CNAC agreement of July 1930 was due to expire on 1 December 1931, Westervelt had to negotiate a new one to keep the company afloat.

Westervelt like other Americans was impressed by T.V. Soong whom he described as ‘the ablest man I have met in China.’²⁶⁵ Educated at Harvard and speaking perfect English, Soong appeared to be the most westernised of the Nationalist politicians. Westervelt wrote to his directors in New York that Soong was ‘an enthusiastic advocate of aeronautical developments. If he knew where to get the money he would put large sums into aviation. He is in favour of both air transport and a factory development’²⁶⁶

Through the course of the Shanghai War, Westervelt daily recorded his impressions in letters to his wife and colleagues at Intercontinent in New York. Horrified by Japanese brutality, he was in two minds about the impact of the Japanese air force.²⁶⁷ Like

²⁶² NARA, RG165, File no. 2078-95, Report No. 8248 31 March 1932, p.1

²⁶³ NYT ‘Changes in Corporations’ 23 December 1930, p.30

²⁶⁴ Leary, CNAC, p.54

²⁶⁵ UVA GCW, ‘GCW to John Sanderson’, undated but most likely late January 1932, p.2

²⁶⁶ UVA GCW, GCW to Sanderson, late January 1932, p.2

²⁶⁷ UVA GCW, ‘GCW to John Sanderson’ 4 February 1932, p.4

Parker Tenney, he felt that the Japanese aviators had not produced the anticipated military effect on Chinese ground troops: 'the Chinese even stood up under bombing from airplanes and refused to be driven from certain stands until the fires set by the bombs drove them out'.²⁶⁸ After the war, however, Westervelt put aside any doubts which he had about the impact of the Japanese bombers during the war. He wrote a series of letters to T.V. Soong which advocated a complete restructuring of China's military aviation to take on the Japanese.

In the first letter dated 10 March 1932, Westervelt wrote that 'the events of the last few weeks have sufficiently demonstrated the significance of airpower as differentiated from a lack of airpower'.²⁶⁹ He suggested to Soong that if the Chinese had possessed an air force 'one half as great in striking power' as Japan had wielded at Shanghai, the Chinese could have stopped the landing forces and inflicted huge damage on Japanese shipping. With relative ease an offensive against the Japanese could be launched: 'without any undue risks on the part of Chinese aviation personnel' the air force could have carried out night bombing or taken advantage of low cloud cover to attack Japanese ships.²⁷⁰ Five years later the Chinese Air Force attempted precisely these tactics against Japanese gunboats at Shanghai: they missed their target each time, destroyed major buildings in the city centre and killed or injured thousands of Chinese civilians.

He asserted that of all the weapons wielded against 'the entrenched Chinese army', the most powerful, 'in the effect on resistance morale have been the machine gun fire and the bombing from airplanes'.²⁷¹ By contrast, in his war time observations, Westervelt like Parker Tenney had remarked on the failure of Japanese bombers to undermine the morale of the Chinese army.²⁷² Then Westervelt proceeded to think the unthinkable: he proposed to Soong that a competent Chinese air force could fire bomb Japan, emphasising how *easily* a bomber command could be organized to attack Japanese cities.

²⁶⁸ UVA GCW, 'GCW to his wife' 31 January 1932, p.2

²⁶⁹ HISU, ANY Box 36, Folder Military Aviation, 'George Conrad Westervelt to T.V. Soong' 10 March 1932, p.1

²⁷⁰ HISU, ANY, GCW to TVS 10/03/32, p.1

²⁷¹ HISU, ANY, GCW to TVS 10/03/32, p.1

²⁷² UVA, GCW, 'GCW to his wife' 30 January 1932, p.2 & GCW to his wife, 31 January 1932, p.3

Even today planes are *easily* obtainable which could take off from Chinese soil, drop bombs on Japanese cities as far away as Tokyo, and return to their take-off place. Due to the peculiarly inflammable nature of Japanese cities, such planes could *easily* carry sufficient inflammable bombs of small weight to burn down the major portion of most Japanese cities, and to cause enormous economic losses which would have direct repercussion on the military efforts of that country.²⁷³

Targeting industrial facilities in order to cripple military capability was a standard feature of strategic air doctrine at this time. Westervelt, however, suggested fire-bombing Japanese cities which implicitly meant killing civilians as well as destroying industry. It seems likely that he was familiar with the views of Colonel Billy Mitchell who after his court-martial in 1924 openly aired his views that the United States would one day go to war with Japan and could burn its cities to the ground with incendiary projectiles.²⁷⁴

After planting this lethal idea, Westervelt insisted that the United States was ‘the proper aviation contact, and source of supply for China, until China is able to supply its own requirements.’²⁷⁵ Westervelt capped his strategic arguments by introducing the theme of political unification through aviation: ‘in a greater degree than attaches to any other military arm, aviation has a direct bearing on the unification of China, and on a building up of its resources through such unification.’ If China could achieve political unity and implement his ideas, aviation would make China ‘impregnable.’²⁷⁶ He concluded with an airpower ratio: ‘there can be no sustained invasion of China if China is protected by an air force of one-half the striking power and of equal efficiency, to that of the enemy attempting the invasion.’²⁷⁷

The close association which Westervelt drew between aviation, national defence and political unity resonated with patriotic ideas captured by the slogan *National Salvation through Aviation*: he explored these themes in a separate memorandum on fundraising:

²⁷³ HISU, ANY, GCW to TVS 10/03/32, p.2 – my italics

²⁷⁴ Quoted by Mark S. Sherry, *The Rise of American Air Power: The Creation of Armageddon* (New Haven CT, 1987), p.58

²⁷⁵ HISU, ANY, GCW to TVS 10/03/32 p.3

²⁷⁶ HISU, ANY, GCW to TVS 10/03/32 p.3

²⁷⁷ HISU, ANY, GCW to TVS 10/03/32 p.3

Westervelt suggested that an 'All-China National Aviation Legion' could administer a lottery devoted to purchase of aircraft: 'no other agency tending to the development of National spirit, unification and defence could, at anything approximating the outlay, be employed which would compare to aviation.'²⁷⁸

Although there is no record of Soong's reply to Westervelt, within weeks he had asked his financial adviser Arthur Young to contact US government representatives based in China: the military attaché Walter Drysdale and Edward Paxson Howard, the aeronautics commissioner representing the US Department of Commerce in Shanghai. Soong wanted these American officials to arrange the recruitment of a chief military air adviser and instructors to come to China.

In cables to the War Department, Drysdale made no reference to the national defence aspects of the project. He was only concerned with trade: 'a nonofficial aviation mission in China will be invaluable in increasing the use here of American planes and equipment. I consider its importance commercially warrants the careful selection of a nonofficial group of qualified American aviators by some suitable and interested American interests...I request reply at earliest convenience. The American Minister [Nelson T Johnson] concurs'.²⁷⁹ Julean Arnold, the longstanding head of the US Commerce Department's Shanghai office gave his 'full endorsement as distinctly helpful to American Aviation development China.'²⁸⁰ For Arnold as for Drysdale, the commercial element was far more important than any strategic considerations. On 29 March, Acting Secretary of State William Castle eventually replied to Drysdale: the War Department refused to send an air mission to China. Furthermore, Castle thought it inadvisable for the US government to even consider such an undertaking as there was no end in sight to the Far East crisis. Nonetheless, he was willing to pass the request to Commerce solely for the purpose of recruiting *civil* aviation experts.

²⁷⁸ HISU, ANY, Box 36 Mil/Av, 'Provision of funds for development of National Chinese Aviation from Captain Westervelt' 11 August 1932

²⁷⁹ *FRUS*, 1932 Vol. III 'the Minister in China (Johnson) to the Secretary of State, Shanghai 14 March 1932, pp.582-583

²⁸⁰ NARA, RG 151 Box No. 2503, Folder Aviation China 1932, 'Cable 458 March 14, 1932 Shanghai signed Arnold'

Young learned of Castle's response on 1 April: he understood that 'no military mission [was] possible'.²⁸¹ Nonetheless he took the message to mean that the US government only opposed the recruitment of enlisted men even though Castle had been explicit about restricting the search to civil aviation experts for China. Young, Howard and Leighton Rogers, head of the aeronautics trade division in the Department of Commerce ignored the State Department: they began to look for instructors on the *reserve* instead of the *active* list of US military aviators. According to a note by Arthur Young, on 4 May 1932 Chiang gave Soong full authority to pursue the project with the Americans.²⁸²

By 11 May John Jouett a retired USAAC officer employed by Standard Oil of Louisiana emerged as the front runner: Chiang Kai-shek is reported to have approved his appointment on 18 May.²⁸³ After he arrived in China some two months later, Jouett styled himself as 'Aviation Adviser, National Government of the Republic of China' but he never received a second contract signed by the Generalissimo which officially confirmed his title, duties and powers: Jouett's position in China depended on a 'gentleman's agreement'.²⁸⁴

Paying for planes

For Soong the first task was funding aircraft procurement. In the middle of the Shanghai War, he had explored debt relief with Western governments and on 9 February appealed to the United States, Britain and Italy to allow China to defer payment of the Boxer indemnity for the period 1 April 1932 to 31 March 1933.²⁸⁵ Customs receipts for the fiscal year 1931-1932 had declined by a third: just over 70 % of the reduction resulted from the Shanghai war and the rest very likely from the loss of Manchuria 1931.²⁸⁶

²⁸¹ HISU, ANY, Box 36, Mil/Av, 'handwritten note by ANY April 1, 1932'

²⁸² HISU, ANY, Box 36 Mil/Av, 'Hand written note 1/4/32'

²⁸³ HISU, Chiang Kai-shek Diaries Box 36, Folder 5 entry for May 18, 1932

²⁸⁴ HISU, ANY, Box 36 Mil/Av, 'John Jouett to Arthur Young, September 18th 1933' & 'Jouett's Report, September 15th 1934'

²⁸⁵ *FRUS*, 1932 Vol. IV 'The Minister in China (Johnson) to the Secretary of State' 9 February 1932', p.608

²⁸⁶ Jordan, *Shanghai War*, p.197

In mid-February British and American representatives agreed in principle to reschedule the payments while the Italian government allegedly did not 'view with favour' Soong's request.²⁸⁷ On March 9, 1932 US Ambassador Nelson Johnson reported that the Italian Chargé d'Affaires (Count Galeazzo Ciano, Mussolini's son-in-law) had been instructed to 'consent to the deposit of a year's payments with the Italian bank on condition that said deposit will be used for purchase of supplies in Italy.'²⁸⁸ On 25 April 1932 Ciano and Soong secretly signed an agreement covering the Boxer Indemnity obligations for the period February 1, 1932 to January 31, 1933.²⁸⁹ The monthly payments of US (gold) \$126,078 were not to accrue on account at the Italian Bank for China but would be earmarked for acquisitions of Italian military aircraft in contravention of the 1925 Boxer agreement. On 12 June 1932 Soong and George H. Lautenberg, the FIAT representative, signed the first aircraft contract for 6 FIAT BR3 bombers: the terms stipulated 'time and method of payment - to be made on the funds of the Boxer indemnity devoted to this particular purpose as per agreement 25th April 1932'; the contract included a pilot and chief engineer at no extra cost; the total price came to 2.988 million lira - 498,000 lira (US \$ 25,741) for each plane.²⁹⁰ First in line to provide credit, the Italians slipped ahead of American aviation interests to sell planes for the new air force.

Before agreeing to defer Boxer indemnity payments, the Department of State wanted some assurance that the cultural and educational activities to which funds were legally committed would not suffer.²⁹¹ On 2 July 1932 Nelson Johnson received Soong's confirmation and both the British and US governments agreed to a deferral.²⁹² The British and American payments for 1932-1933 came to US gold \$5 million.²⁹³ Soong

²⁸⁷ *FRUS*, 1932 Vol.ume IV, 'The Minister in China (Johnson) to the Secretary of State, Shanghai, 17 February 17 1932, p.609

²⁸⁸ *FRUS*, 1932 Vol.ume IV, 'The Minister in China (Johnson), to the Secretary of State, Shanghai, 15 March 1932, p.612

²⁸⁹ HISU, ANY Box 36 Mil/Av, 'Draft Letter from ANY to the Italian Bank for China Shanghai, July 25, 1932'

²⁹⁰ HISU, ANY Box 36 Mil/Av, 'Contract Between The National Government of the Republic of China and Messrs. Soc. An. Aeronautica d'Italia – Consortium F.I.A.T... Torino (Italy), for the supply of Six Bombing Aeroplanes type FIAT B.R. 3, June 12, 1932', p.4: for currency conversion *The Times of London*, 'Money Market' 11 June 1932, p.17

²⁹¹ *FRUS*, 1932 Vol. IV 'The Secretary of State to the Minister in China (Johnson)' 4 June 1932, p.619

²⁹² *FRUS*, 1932 Vol. IV 'The Minister in China (Johnson) to the Secretary of State' 6 July 1932, pp.619-620 & The Secretary of State to the Minister in China (Johnson) 8 July 1932, p.621

²⁹³ Young, *Nation-building Effort*, p.115

later claimed that Anglo-American debt relief in relation to the Boxer Indemnity allowed him to balance the budget for 1932-1933.²⁹⁴

In *China's Nation-Building Effort*, Arthur Young offered an official explanation of how China could afford to buy aircraft after the Shanghai War: 'a number of planes were bought from funds subscribed all over the country' when Soong 'with Generalissimo Chiang's approval, sought expert American help'.²⁹⁵ There was another possible source of funds for the new air force as *CWR* reported in June 1932: the diversion of CH\$11 million (equal to US\$2.3 million) from the Navy to the air force after which the naval budget was reduced to a 'paltry' CH\$310,000.²⁹⁶ Chiang had given up all hope of ever building a Navy on a par with that of Japan or western powers: aircraft would have to do the work of gunboats if the Japanese arrived by sea as well as by land.

The Nanking regime embarked on a vast fundraising campaign for aircraft. From April 1932 to December 1933, *CWR* carried at least forty articles about Chinese contributions at home and abroad for planes.²⁹⁷ Most of these initiatives were organized around the theme of *National Salvation through Aviation*: typical was the announcement by the Federation of National Salvation Associations about funds for a bomber which would be christened 'the Spirit of Shanghai'.²⁹⁸ One polemicist commented that of the estimated CH\$20-30 million worth of donations, the Chinese could account for only CH\$1.7 million.²⁹⁹ As Walter Drysdale commented in April 1933 most of the associations never purchased a single airplane: 'enough hot air has been developed in meetings and drives to float a fleet of lighter-than-air aircraft but to date the Japanese planes have undisputed air supremacy in North China.'³⁰⁰

²⁹⁴ *FRUS*, 1933 Vol. III 'The Minister in China (Johnson) to the Secretary of State', Peiping 17 February 1933, p.662

²⁹⁵ Young, *Nation-building Effort*, p.351

²⁹⁶ *CWR* 'Chinese Naval Minister misses Funds Transferred to Air Force' 18 June 1932, p.106

²⁹⁷ My estimate

²⁹⁸ *CWR* 'Men and Events' 23 July 1932, p.292

²⁹⁹ *CWR*, Paul K Whang 'Will our Donated Planes participate in Civil wars?' 23 December 1933, p.184

³⁰⁰ NARA, RG165, File no.2078-95, Report No. 8567, 'Current Aviation Activities' 21 April 1933, p.1

In 1933 total aircraft imports to China came to CH\$7.9 million (approximately US\$2.14 million) of which 70 % were from the United States.³⁰¹ It is improbable that the *National Salvation through Aviation* campaigns covered the full costs of American planes and personnel. The most likely explanation is that Soong used the public subscription denominated in Chinese dollars to replenish the national budget and used hard currency derived from deferred Boxer Indemnity fund payments to purchase American as well as Italian planes. Therefore Soong could claim that Anglo-American debt relief helped to balance the national budget in 1932-1933.

Transforming the Nanking Air Bureau

Having secured the means to fund procurement, Soong delegated to others the reorganisation of the Nanking Air Bureau. This institution was not so much an air force as an army bureaucracy with a few pilots and planes attached: it had many of the same problems as the Army. According to data submitted to the Geneva Disarmament Conference of the League of Nations in June 1932, air force personnel consisted of some 300 pilots and 700 other officers: there were a further 2,258 officers or workers in air force administration, thus yielding a grand total of 3270 employees, a ratio of 10:1 where pilots were concerned.³⁰² All of these figures very likely were inflated but none more so than the number of aviators. Just before the Shanghai war, a US military intelligence report estimated that there were only 156 qualified military aviators in the entire country including Canton and other air bureaus.³⁰³ This too was an exaggeration. When John Jouett launched his training course in September 1932, he gave a refresher course to only 50 air officers and washed out half of them a month later.³⁰⁴

In an article for *Foreign Affairs* published in April 1931 John Magruder, who had served as a military attaché in Peking, described the Chinese as ‘practical pacifists.’³⁰⁵ Despite long spells of civil war in recent years, historically they had avoided any form

³⁰¹ NARA, RG165, File no. 2078-95, Report No. 8766, ‘Current Aviation Activities’ 13 February 1934, p.2

³⁰² NARA, RG 38 Box 136, File A-1-u Register no. 7348 Report no. 196, ‘Personnel of Chinese Air Force’ June 1932

³⁰³ NARA, RG38 Box 96 File A-1-Q 12592-c Folder Aeronautics in China Various 1930-32-33-34-35 ‘China Aviation’, 8 July 1931, p.2

³⁰⁴ NARA, RG165, File no. 2078-125, Report No. 8545 ‘Hangchow Aviation School’ 28 March 1933

³⁰⁵ John Magruder, ‘The Chinese as a Fighting Man’ *Foreign Affairs* (Apr., 1931), p.469

of armed conflict apart from defence against invasion. Unlike Japan which has a deep reverence for the fighting man, the Chinese had no martial spirit: the Chinese soldier was held in contempt; the sons of educated families if they went into the army gravitated to 'the administrative milieu in which they are really at home'.³⁰⁶ In the face of war, the key difference between the Chinese and westerners was the Chinese faith in surviving attack or invasion through passive resistance sustained by patience, persistence and single-mindedness.³⁰⁷

Magruder noted that with the exception of an increased use of machine guns, the Chinese had hardly modernised the armed forces. Military aviation was in a 'period of transition from military stage property to a moral auxiliary': the Chinese army did not regard aviation as 'a necessary arm' and owing to the inferior performance of army air bureaus, regarded it as 'an overrated scarecrow'.³⁰⁸

In August 1932 a US Naval intelligence officer made similar comments about the Chinese use of military aviation: the spirit of combat was lacking, they failed to deploy planes against foreign enemies, for example the Soviet forces who invaded north-western Manchuria in 1929.'³⁰⁹ Instead, it was 'against their own people that the Chinese are developing experience in military aviation': 'the offensive is attempted against towns, or troops without aerial defence; rival air forces avoid each other in the air.' Their preferred manoeuvre was high level bombardment employed for physical and moral effects; 'no successful tactical or strategical destructive missions have been reported.'³¹⁰

These observations provide rare insight into Chinese ideas about airpower which had influenced the performance of the air force in the Shanghai War. To use Magruder's words, the air bureau was not much more than 'stage property' and had a modest moral auxiliary function: pilots scattered leaflets over the city to assure people that they would not bomb the city. Chinese generals were not interested in producing heroes by sending

³⁰⁶ Magruder, 'The Chinese' p.472

³⁰⁷ Magruder, 'The Chinese' p.475

³⁰⁸ Magruder, 'The Chinese' p.470

³⁰⁹ NARA, RG 38 Box 136 File A-1-u Register no. 7348 'Plans for Mil/Av, Training' China, August 1932

³¹⁰ NARA, RG 38 Box 136 File A-1-u Register no. 7348 'Military Aviation, 8/32

pilots against a superior force. Not knowing what to do against the enemy or for its own troops on the ground, the air bureau did nothing.

The Chinese attitude to military aviation appears to have had some roots in traditional ideas about strategy. Several historians have commented on the influence of Sun Tzu's *the Art of War* on both Mao Tse Tung and Chiang Kai-shek: Jay Taylor pointed out in his biography of Chiang that in taking decisions during the Northern Expedition, he contemplated what neo-Confucian models and Sun Tzu might do.³¹¹ Chiang's diary reveals that in October 1937 after the failure of the Shanghai offensive, he read *the Art of War* over the course of ten days, especially the 8th chapter ['Variation in Tactics'], the section which discusses the qualities which the military leader must show in trying to seize the advantage back from the enemy.³¹²

In his *Military History of Modern China* F.F. Liu highlighted the key principles of Sun Tzu which resonated with Chinese commanders: 'war is deception,' 'when the enemy is strong, avoid it; when the enemy is angry, stir it.'³¹³ Sun Tzu also stressed that the Chinese general must discover the enemy's weakness and outwit him by doing the opposite of what he expects: 'attack him where he is unprepared, appear where are you not expected'.³¹⁴ At various points during the Nanking decade and the Sino-Japanese war, these tenets can be detected in the use of airpower: in applying these principles, the Chinese did not distinguish between internal and external enemies, between armed or unarmed opponents. When enemy forces were perceived to be superior, the Chinese avoided a fight. When the enemy was weak, the Chinese attacked with full force. The ideal was to deploy the air force when it had an overwhelming advantage or when then enemy was at a temporary disadvantage. The unopposed high level bombing was the preferred operation, a display of overwhelming force against the enemy: using a stone to crush an egg, to quote Sun Tzu.³¹⁵

³¹¹ Jay Taylor, *The Generalissimo, Chiang Kai-Shek and the Struggle for Modern China* (Cambridge, Ma.,2009), p.60

³¹² HISU, Chiang Diaries Box 39 Folder 16 '2 October 1937': Sun Tzu *The Art of War* translated by Lionel Giles (London,1910), Chapter VIII, 'Variations in Tactics'

³¹³ Liu, *Military History*, p.282

³¹⁴ Sun Tzu, *The Art of War*, Chapter I, no.24

³¹⁵ Sun Tzu, *The Art of War*, Chapter 5 ,no.4

T.V Soong and his American advisers hoped to transform this swollen air bureaucracy into an air force in the mould of the USAAC. In laying his plans Soong tended to ignore the existing leadership of the Air Bureau. American diplomats soon became involved in the tensions which developed between Soong and the Air Bureau's commandant General Whang Ping-heng.³¹⁶

On 2 June 1932 one of the US diplomats in Shanghai, Lincoln 'Tom' Reynolds reported a conversation with General Whang to the Department. Whang complained that he had lost face because he was in the dark about Soong's programme: only 'through the intercession of Chiang Kai-shek had an open break been prevented.'³¹⁷ Reynolds explained to him that Ed Howard had promised Soong strict confidentiality about aviation planning and therefore he could not keep 'his personal friend' informed about it. The consul at Shanghai, Willys Peck noted that 'the rift between General Whang and T.V. Soong is important to American interests...' because Whang enjoyed the confidence of Chiang even if Soong held him in low esteem.³¹⁸ Officers in the US legation at Nanking started to suspect that if Soong's project might have consequences for American relations with the Generalissimo. For the time being, however, they had faith in Soong's patronage.

In July 1932 Lt-Col John Hamilton Jouett (AR) and thirteen USAAC reserve officers (all 2nd Lieutenants) came to China. In the first year their salaries amounted to US\$97,000 – Jouett received US\$21,000 whereas an instructor received US\$5,000 - 6,000.³¹⁹ These wages were handsome not only by Chinese standards but those of the US military: according to his memoirs, in 1940 Claire Chennault drew a basic salary of US\$15,000 a year from the Chinese government compared to the average salary for a USAAC Captain of US\$4,300.³²⁰ Chinese salaries were a fraction of this. In 1939, a

³¹⁶ HISU, ANY, Box 36 Mil/Av, 'Memorandum of conversation between General Whang and Reynolds, June 2 1932'; 'W.H. Peck to Johnson, June 8, 1932'; 'Nelson T Johnson to the Secretary of State June 14, 1932'; 'Attached dispatch from Legation under date of June 14, 1932'

³¹⁷ HISU, ANY Box 36 Mil/Av, 'Attached dispatch from Legation under date of June 14, 1932'

³¹⁸ HISU, ANY Box 36 Mil/Av, 'W.H. Peck to Johnson, June 8, 1932'

³¹⁹ For name and rank of personnel see NARA, RG 165 Report no. 8418 'Central Aviation School Hangchow' October 10, 1932 p.2 & for salaries see HISU, ANY Box 36 Mil/Av, 'To Mr. John Jouett Shanghai July 25 1932'

³²⁰ Chennault, *Memoirs*, p.95

British air attaché reported that a trained aviation mechanic received a monthly wage of CH\$30, an electrician CH\$70 and an engineer CH\$90.³²¹

As the government's self-styled aviation adviser, Jouett began to dispense advice to T.V. Soong: he found that China was not prepared for conflict with any nation 'using the air as a medium of warfare'; he recommended that the government immediately establish an independent air ministry equal to that of the Navy and the Ministry of War; this new ministry would need 'a strong man who can, by training and ability, ...assume control of all military aviation...without interference from other governmental agencies.'³²² Jouett offered as a model Mussolini who had assumed the position of Minister of Air in addition to other ministries which he controlled. Consequently 'the efficiency of the Italian Aviation improved by leaps and bounds almost overnight. The same drastic action is necessary in China.'³²³

There was only one strong man in the country, Chiang Kai-shek. In due course Jouett's suggestion was adopted. As Walter Drysdale reported a few months later, the War Ministry resented the idea of having the Air Bureau removed from its control.³²⁴ A compromise was reached whereby it was placed under the direct control of the Generalissimo, head of the Military Council.³²⁵

John Jouett and aircraft procurement

In the autumn of 1932, Soong approved John Jouett's five year procurement programme for national air defence to counter future Japanese aggression. Jouett made no secret of favouring American equipment although he later claimed that he had not chosen 'airplanes by name, nationality or anything else.'³²⁶ American aircraft manufacturers were quick to take advantage of this new opportunity in China. In the first quarter of 1933, the export arms of the two largest American aircraft corporations, United Aircraft

³²¹ TNA, FO/371 /23463 F3687/118/10 'Report on Chinese Air Force' 17 April 1939, p.16

³²² HISU, ANY Box 36 Mil/Av, 'To Honorable T.V. Soong from John Jouett' Hangchow 1 August 1932

³²³ HISU, ANY 'Jouett to Soong' 1/8/32

³²⁴ NARA, RG 165 Report no. 8418 20/10/32, p.2

³²⁵ NARA, RG 165 Report no. 8418 20/10/32, p.2

³²⁶ NARA, RG165, file 2078-121 Report No. 8902 'Jouett Aviation Mission' 28 August 1934, pp.2-3

Exports (UAE) and Curtiss-Wright Export Corporation (CWEC) organized missions to China to demonstrate planes to John Jouett and the Chinese government. Thomas A. Morgan, president of Curtiss-Wright decided to send William D. Pawley to settle the fate of China Airways and start the marketing of Curtiss-Wright and Douglas aircraft. UAE sent one of its principal foreign agents Francis Love. Pawley left the United States on 10 January 1933 and arrived in Shanghai about a month later.³²⁷ From the start, he realised that Intercontinent's days in civil aviation were numbered. As Julean Arnold later commented, 'Mr Pawley came to China for military business.'³²⁸ Pan Am's representatives followed hard on Pawley's heels and acquired all of Intercontinent's shares in China Airways on 31 March 1933, thus becoming the principal American shareholder in CNAC.³²⁹

The Chinese observed the competition between Love and Pawley with some bemusement. Kung's secretary Jabin Hsu contended that their price-cutting would undermine the chances of either making a profit and that the winner would probably obtain the contract at a loss.³³⁰ Pawley negotiated solidly for three weeks and on 15 May 1933 concluded an agreement for 18 Hawks at US\$22,227 each: he felt certain of selling another ten at US\$22,270. With spare parts worth US\$150,000, the estimated total contract came to US\$772,784.³³¹ This was the largest single order that the Chinese had ever placed for aircraft. Pawley wrote to his wife, 'if ever in my life I have had a hard job it was this one...the English, French, Italians and United Aircraft were all after the business. Love of United almost took it away from me 4 or 5 times.'³³²

The first 18 Hawks were delivered from the factory in Buffalo, New York to CWEC between 18 June and 17 July 1933. At least five were shipped and assembled at Hangchow by mid-August.³³³ To demonstrate that funds raised by *National Salvation through Aviation* campaigns had been put to good use, these five planes were christened

³²⁷ Private collection,(PC) courtesy of Anthony Carrozza , 'Pawley to his wife, January 10, 1933'

³²⁸ NARA, RG46 Box 31 Folder #4 China Comm[er]ce LRB, Extract Commerce Shanghai office report May 3, 1933'

³²⁹ CWR, 'Pan-American acquires 45 % interest in China National Aviation Company' 8 April 1933, p.228

³³⁰ HISU, Julean Herbert Arnold Papers, Box 6, Ledger starting September 9, 1932 ' Curtiss-Wright vs. United Air Craft, China representatives, May 25, 1933', p.1

³³¹ PC 'Pawley to his wife', 15 May 1933

³³² PC 'Pawley to his wife', 15/5/33

³³³ NARA, RG165 file 2078-95, Report no.8642, 'Current Aviation Activities' 23 August 1933, p.4

in a public ceremony at Shanghai on 9 September with names 'to indicate the sources of the funds to pay for them': *Shanghai Merchants, Shanghai Laborers, Shanghai Boy Scouts, Shanghai Students and Shanghai Ningponese*.³³⁴ A Chinese aviator performed stunts in *Shanghai No.1*, the Hawk demonstrator originally flown by Jimmy Doolittle the previous spring at Shanghai. By December 1933 all thirty-two had been imported and were based at the American aviation school in Hangchow.³³⁵

In 1933 US military attachés began to report that the Hawks were being mishandled. In Canton, on 1 July 1933 an American instructor Ed Deedes crashed and died while piloting one of the recently delivered 'Canton' Hawks.³³⁶ Not long thereafter another three Hawks were cracked up beyond repair: the Cantonese authority tried to cover up these accidents which reflected poorly on the ability of their pilots.³³⁷ By year-end, only nine Cantonese pilots out of a total of 160 were certified to fly a Hawk.³³⁸ As for the Hawks at Hangchow, the authorities dared not turn them over directly to Chinese pilots.³³⁹ At least five of the Hangchow Hawks were 'cracked up' in the autumn of 1933 and several turned out to have faults which damaged the reputation of Curtiss Wright.³⁴⁰ The Chinese were being forced to fly before they were ready – they needed years rather than months of training to become competent on these relatively high powered planes. Nonetheless in 1932-1935 American military attachés generated optimistic reports about Jouett's training programme. In July 1933 an officer from the US Asiatic Fleet noted that 'contrary to popular belief, the Chinese make good aviators.'³⁴¹ Day and night formation work was excellent and at least 15 students could compete in an aviation meet anywhere in the world. By contrast 35 out of 40 older air officers had been disqualified during a refresher course.³⁴²

³³⁴ CWR, 'Five New Fighting Planes Christened in Shanghai', 16 September 1933, p.118

³³⁵ NARA, RG165 file 2078-134, Report no.8700, 'Current Aviation Activities' 4 December 1933, p.1

³³⁶ NARA, RG165 File 2078-95, Report no.8642, 'Current Aviation Activities' 23 August 1933, p.4

³³⁷ NARA, RG165 File 2078-95, Report no.8677, 'Current Aviation Activities' 19 October 1933, p.1

³³⁸ NARA, RG165 File 2078-134 Report no. 8700 4/12/33, p.2

³³⁹ NARA, RG165 File 2078-95, Report no.8642 23/8/33, p.4

³⁴⁰ NARA, RG 46 box 30, Folder #4 Private Office Copy of Material entered in Case #4 'To Mr. Thomas Morgan from W.D. Pawley, 16 October 1933' & NARA, RG165 file 2078-95, Report 8833, 'Current Aviation Activities' 18 May 1934, p.2

³⁴¹ NARA, RG38 Box 136 File A-1-u Register no. 7348 'Confidential Report of the activities of the Central Aviation School, Hang Chow, China', 20 July 1933

³⁴² NARA, RG38 Box 136 File A-1-u Register no. 7348 20/7/33

Nonetheless as Walter Drysdale pointed out in October 1932, the success of Jouett's mission and the gradual reform of the Nationalist air bureau mission depended entirely on 'the continued interest of Chiang Kai-shek and T.V. Soong (more particularly the latter) and there is a certain amount of hazard in having everything subject to the whims of one or two individuals.'³⁴³ In emphasising Soong's patronage, Drysdale revealed an error of judgment which also afflicted John Jouett and other Americans: they presumed that Soong's influence outweighed that of the Generalissimo and that Soong would have an ongoing interest in the project. The new American aviation fraternity was no more adept at reading Chinese politics than the Keys-Robertson group had been in 1929-1931 when they relied on Sun Fo to see through the contract. The one man in China whose heart and mind Jouett needed to capture was Chiang Kai-shek. The place which he should have secured was taken by the Italian aviation adviser il Colonnello Roberto Lordi.

The Italian Mission

During the spring of 1933, the prospects for bringing a large group of Italian airmen to China had not been promising: the Americans had arrived and started training at Hangchow; Kung had put out feelers to other potential partners on his trip abroad and followed up these leads on his return to China. In Ciano's view, 'the projects under discussion, at least for the moment, will be difficult to realize given the financial difficulties of the Chinese government.'³⁴⁴ The only way forward in Sino-Italian relations was to renew the Boxer Indemnity accord for another year or come to a general agreement about its remission. A settlement was eventually reached on 1 July 1933 by Soong, Ciano and the Italian Finance minister in London between sessions of the World Economic Conference.³⁴⁵

On 10 April 1933 just before his departure for Italy, Ciano received a letter from Kung who, with Soong's agreement, requested the dispatch of an Italian air mission to be funded from the remainder of the 1932-33 Boxer funds under the April 1932

³⁴³ NARA, RG 165 Report no.8418 20/10/32

³⁴⁴ Archivio Storico del Ministero degli Affari Esteri (ASMAE) Anno 1933 Telegrammi in Arrivo Cina, 'Fornitura armi alla Cina', No.1006 Shanghai, 15 March 1933, p.2

³⁴⁵ ASMAE, B. 30 A.P. 1931-1945, Cina (1933), Pos.1 F/3 Folder (f), "Accordo italo-cinese per regolamento indennità boxers" telegram no.2916, London 1 July 1933

agreement.³⁴⁶ With Soong's departure for England, it was up to Kung to finalise arrangements with Filippo Anfuso, Ciano's successor, about the Italian instructors/aviators. As Anfuso noted in a cable to Rome, even though Kung had agreed to an exchange of letters about the Mission's eventual departure for China, he demonstrated 'by his resistance and reservations', that he wanted to postpone its arrival at least until there was 'an opportunity to renew – or not – the contract with the American aeronautical mission'.³⁴⁷

Cables in the Italian Foreign Ministry Archives reveal that Chiang and Kung were in a quandary about the Italian mission which Soong and Ciano had imposed upon them: there was no desire to manage two foreign air missions simultaneously. Kung dragged his feet and suggested that the Chinese needed more time to establish a programme for its work in China. He also wanted its arrival to coincide with Soong's return from the United States to China in late summer 1933.³⁴⁸ Anfuso detected that 'a current of jealousy runs through Kung and the circle close to Chiang Kai-shek over the prominent part taken by T.V. Soong in foreign negotiations on behalf of Chinese government.'³⁴⁹ More importantly, Anfuso discovered from an independent source that Chiang had advised Kung that as long as the American mission was in China there was little point in bringing over an Italian mission.³⁵⁰

As they could not find a way out of this imbroglio, Chiang and Kung drew a veil of silence over it. Consequently in early September 1933 when John Jouett found out about the imminent arrival of Italian pilots, he was deeply offended that as the government's chief aviation adviser, he had not been included in consultations about the Italians. In mid-September he wrote to Arthur Young that he did not want to see his own efforts undone and that there was no way for his group to work with the Italians: 'oil and water cannot mix and it cannot be expected that Italians and Americans with

³⁴⁶ ASMAE, Anno 1933 Telegrammi in Arrivo Cina, 'Missione aeronautica italiana in Cina', No. 5969 P. R. Shanghai, 24 June 1933 p.2. : 'Kung mi ha risposto che egli, quando, d'accordo con T.V. Soong, venne nella determinazione di domandare al Conte Ciano invio missione, essendosi, in que torno di tempo, parlato di un eventuale regolamento generale del reliquato boxers'

³⁴⁷ ASMAE, Anno 1933 Telegrammi di Arrivo Cina 'Riorganizzazione aeronautica militare Cinese' n.7284 P.R. 4 August 1933, p.3

³⁴⁸ ASMAE, Anno 1933 Telegrammi di Arrivo Cina n.7284 P.R. 4/8/33

³⁴⁹ ASMAE, Anno 1933 Telegrammi di Arrivo Cina n.7284 P.R. 4/8/33, p.2

³⁵⁰ ASMAE, Anno 1933 Telegrammi di Arrivo Cina 'Missione aeronautica in Cina' n.3331 R. 2/8/1933

totally different racial characteristics, ideas, methods of training, etc. could work harmoniously together.’³⁵¹

Jouett had heard that Dr. Kung was responsible for arranging the project during his stay in Italy in earlier in 1933.³⁵² He and other Americans were incapable of suspecting that their patron, T.V. Soong was behind a project which sabotaged their interests.

Documents in the Italian Foreign Ministry, however, confirm that Kung was the very last link in a chain which went back to Soong and Ciano’s Boxer Indemnity scheme.

In the summer of 1933 Chiang was more focussed on the next drive against the Communists than problems to do with aviation. In his diary for June 1933 Chiang wrote of his determination to ‘exterminate the Red Bandits.’³⁵³ In late August 1933 soon after Soong returned to China, Chiang demanded CH\$20 million from his Finance minister: Soong refused because the government’s deficit was already running at CH\$10 million a month.³⁵⁴ Julean Arnold, the US Commerce commissioner in Shanghai confirmed the nature of their disagreement in his diary on 30 October: Chiang needed more and more money for the campaign against Communists in Kiangsi, a war being waged in earnest at present...Soong violently opposed Chiang’s tendency...towards compromise with Japan... Soong made further financing of Chiang’s campaign contingent upon Chiang swinging over to Soong’s policy of further courting western support against Japan.³⁵⁵

Through October 1933 Chiang wrote in his diary that Soong was ‘very stubborn and obstructive’.³⁵⁶ On 31 October after weeks of crisis, Soong tendered his resignation: Kung replaced him as Finance Minister the following day and remained in that post until 1944.

³⁵¹ HISU, ANY, Box 36 Mil/Av, ‘John Jouett to Arthur Young, September 18th 1933’

³⁵² HISU, ANY, Box 36 Mil/Av, Jouett to Young 18/9/33

³⁵³ HISU, Chiang Diaries, Box 36, Folder 18, 1 June 1933

³⁵⁴ *FRUS*, 1933 Vol.III, ‘The Minister in China (Johnson) to the Secretary of State’ 31 October 1933, pp.444-445

³⁵⁵ HISU, Arnold Papers Box 1, File Office Activities, ‘Weekly Report October 30,1933’

³⁵⁶ HISU, Chiang Diaries, Box 36, Folder 22 entry for 21 October 1933 there are twenty references to Soong in the month of October 1933, five refer to his stubborn attitude : 2, 8, 15,18 & 21 October.

The Fifth Encirclement Campaign began in October 1933. It was considered the most successful of those which Chiang mounted against the Communists in 1931-1933. To support operations Chiang deployed one light bomber squadron made up of six Fiats and six Vought Corsairs. This represented overwhelming force as the Communists had neither planes nor anti-aircraft artillery with which to resist bombardment.³⁵⁷

At the same time a political conspiracy was developing in Fukien province which threatened the Fifth Campaign. At the end of 1932, Chiang had sent the 19th Route Army – the heroes of the Shanghai War - to Fukien to participate in the failed Fourth Encirclement Campaign. Demoralised by their defeat at the hands of the Red Army and mindful of their former glory at Shanghai, the 19th Route Army, rank and file, resented Chiang's insistence on pursuing the Communists instead of resisting Japan.³⁵⁸ By mid-October 1933 if not earlier, Ch'en Ming-shu, commander of the 19th Route Army put out feelers towards the leftist leaders of the Fukien provincial government and of the Kiangsi Soviet.³⁵⁹

The Communists were in two minds about forming a pact with the 19th Route Army and other forces in Fukien: Chou En-Lai was enthusiastic but Mao Tse-tung wanted little to do with them.³⁶⁰ On 26 October 1933 representatives of the 19th Route Army, the Fukien secessionists and Communist delegates from Kiangsi signed an 'Anti-Japanese, Anti-Chiang Preliminary Agreement.' Through this accord the Fukien rebels hoped to gain Communist support for a full scale revolt against Chiang Kai-shek while the Communists counted on the Fukien rebels to help break the trade blockade and restore supply lines into the Kiangsi Soviet.³⁶¹ For these reasons the Fukien rebels posed a significant threat to Chiang's pacification programme in South China.

On 25 November 1933 the new Italian Minister in China, Raffaele Boscarelli reported to the Foreign Ministry in Rome that Lordi had received a request from the

³⁵⁷ NARA, RG 165 File 2078-130 Report No. 8670 'Reorganisation of Chinese Air Force' 17 October 1933

³⁵⁸ William F. Dorrill, 'The Fukien Rebellion and the CCP: a Case of Maoist Revisionism' *The China Quarterly*, No.37 (Jan.-Mar., 1969), p.31

³⁵⁹ Chan Kei-on 'The Kwangtung Military' unpublished doctoral dissertation University of Chicago, August 1974, p.206

³⁶⁰ Dorrill, 'Fukien Rebellion', p.34

³⁶¹ Dorrill, 'Fukien Rebellion' p.36 & Wei, *Counterrevolution*, p.119

Generalissimo through his air staff to 'organize a bombing mission into Fukien, using Italian aircraft and eventually taking part in the action himself.'³⁶² Boscarelli was of the view that 'such an operation would be most effective for enhancing the value of our aviation in China and for the execution of our entire aviation programme in this country.'³⁶³ He sought Mussolini's opinion about Lordi's personal participation in the campaign. Soong informed Boscarelli that the Chinese planned to reject the idea of Lordi's direct participation on the grounds that he should not engage in any action against other Chinese. Mussolini, however, authorised Lordi to take part in air operations.³⁶⁴

At the end of December 1933 Lordi informed the Italian Legation that 'the aerial bombardment recently organized by the Nanking Government's airplanes in Fukien had been conducted by Chinese pilots flying Italian aircraft.'³⁶⁵ Lordi had put the Chinese pilots through a brief course of training. He observed that 'the mission had been a success, especially taking into account the inexperience of the pilots.'³⁶⁶ According to Walter Drysdale, 'bombs were loaded on Fiat bombers in Nanchang the morning of December 1st for the avowed purpose of bombing Fukien... a mass meeting in a public park at Chuanchow was bombed by three planes. Four of the six bombs dropped exploded, killing seventeen and wounding thirty people.'³⁶⁷ This was precisely the kind of air mission which the Chinese military tended to regard as unqualified success – an overwhelming display of force against an enemy unable to retaliate.

On the 7 January 1934 Walter Drysdale reported on another major offensive against Fukien. There were ten Corsairs and Douglas observation planes which

³⁶² ASMAE, *Anno 1933 Telegrammi di Arrivo Cina* 'Missione aeronautica italiana in Cina' n. 11024 P.R. Shanghai, 25 November 1933

³⁶³ ASMAE *Anno 1933 Telegrammi di Arrivo Cina* n.11024 P.R. 25/11/33: 'tale operazione potrebbe essere utilissima per valorizzare nostra aviazione in Cina e per esecuzione tutto nostro programma aviatorio in questa Paese.'

³⁶⁴ ASMAE, *Anno 1934 Telegrammi di Arrivo Cina* 'Forniture materiali aeronautici: colonnello Lordi' n. 4556 P.R. Shanghai 7 May 1934: Boscarelli refers to a telegram received from Mussolini on December 5, 1933: 'in seguito autorizzazione di V.E. (suo telegramma n.289 del 5 dicembre us.), di partecipare alle operazioni militari del Fukien.'

³⁶⁵ ASMAE, *Anno 1933 Telegrammi di Arrivo Cina* 'Missione aeronautica in Cina' n. 12031 P.R. Shanghai, 27 December 1933

³⁶⁶ ASMAE, *Anno 1933 Telegrammi di Arrivo Cina* n. 12031 27/12/33

³⁶⁷ NARA,, R.G.165 File no. 2078-95 report no.8701 'CHINA (Aviation), Current Aviation Activities' 5 December 1933, p.1

Made direct hits on the wall [of Yenping] with 120-lb bombs dropped from about 1500 feet. The effect of these bombs was to wipe off the upper part of the wall and to spread demoralization to the fortification's defenders. Six Fiats followed up on this attack and dropped their 250-lb. bombs, all around this same point. The city was captured in one day due almost entirely to the co-operation of the Air Force. As A result Chiang Kai-shek gave all participating pilots and observers a cash bonus.³⁶⁸

The next target was Kutien where 'all available Air Force was to be used.' On 18 January a mission was flown against the enemy between Shuikow and Foochow. 'six Fiat bombers and twelve observation planes, Douglasses and Vought Corsairs assisted the Nanking Army in the attack. The Fiats were loaded with six 500-lb bombs and eighteen 250-lb. bombs...the bombers had to stay around 1500 feet.'³⁶⁹ During this decisive battle, there were an estimated 2000 enemy casualties, 4000 surrendered, 4000 escaped to the South and some 2000 evaporated into the neighbouring hills. Drysdale commented that even though 'the air force had assisted materially in the success of the operations,' 'air corps officers no doubt wish to avoid any publicity regarding that phase of the operations which were subject to considerable political disapproval.'³⁷⁰

By January 1934 Chiang had put down the Fukien revolt. Although something of a side-show, the episode had a lasting impact on him. For the first time, commented John Jouett, he started to show 'an active and personal interest in Military Aviation.'³⁷¹ Walter Drysdale also noted that after the suppression of the Fukien rebellion in January 1934, the Central government established its first real field air force and that 'this was no doubt induced by the success of the Air Corps during that rebellion.'³⁷² A US Naval Intelligence officer reported: 'the recent Fukien revolt, in which aviation played an important part, made it imperative for the central government to devote more time and money for the development of this branch of service'.³⁷³ A.W.G. Randall of the Foreign

³⁶⁸ NARA,, R.G.165 File no. 2078-135 report no.8767 'Summary of Operations of the Nanking Air Force during Fukien Rebellion Jan.,1934' 16 February 1934, p.1

³⁶⁹ NARA,, R.G.165 File no. 2078-135 no.8767 16/2/34, p.2

³⁷⁰ NARA,, R.G.165 File no. 2078-135 no.8767 16/2/34, p.2

³⁷¹ HISU, ANY Box 36 Mil/Av, 'Jouett's report, September 15th,1934', p.3

³⁷² NARA, RG 165 File 2078-95 Report No. 8833 'Current Aviation Activities' 18 May 1934, p.5

³⁷³ NARA, RG38, File A-1-L Registry no. 17192-C, Folder Aeronautic Bases China Various 1932-34-35, Report No.146 'Aviation fields in Fukien' 1 June 1934

Office later noted that ‘the Chinese Govt...owe it to Colonel Lordi that they were able to overcome so easily the last Communist attack on Fukien.’³⁷⁴

The Fukien Rebellion marked the ascendancy of Roberto Lordi in Chiang’s estimation and the demise of John Jouett. In March 1934 Chiang moved the National Air Bureau from Hangchow to his military headquarters at Nanchang where it was renamed the Commission on Aeronautic Affairs (CoAA).³⁷⁵ Jouett complained that even though he was the ‘official Air Adviser, he had neither been consulted nor informed officially about the move.’³⁷⁶ Jouett told the British Air attaché, Robin Willock that he would stay at Hangchow until his contract expired in 1935 but ‘he was heartily tired of continual conflicts with the Chinese’.³⁷⁷

At the same time, Colonel Lordi and his small Italian mission were transferred from Hangchow to Chiang’s military headquarters in Nanchang.³⁷⁸ Jouett surmised that the Italians not only would take over bombing instruction but procurement policy to the advantage of Italian manufacturers.³⁷⁹ Soon thereafter, in early April 1934 George Lautenberg circulated the good news that he had sold 38 aircraft of different models to the central government.³⁸⁰ On 7 May 1934 Colonel Lordi officially replaced Jouett as the CoAA’s chief aviation adviser.³⁸¹

To keep an eye on the Americans at Hangchow, Chiang appointed one of his loyal army officers Chou Chih-jou as Commandant of the school in June 1934 despite his lack of aviation experience: Jouett initially got along on well with him.³⁸² Chiang also appointed his wife Soong Meiling to become his representative for all matters to do

³⁷⁴ TNA, FO/371/18124 F6461/218/10 ‘Sales of Italian Aircraft in China’ handwritten minute by A.W.G. Randall 31 Oct 1934, p.200

³⁷⁵ TNA, FO/371/18124 F3223/218/10 31 May 1934 ‘Move of Chinese National Government Bureau of Aeronautics from Hangchow to Nanchang – Report of, Office of H.B.M air attaché 9th April 1934’, p.69

³⁷⁶ TNA, FO/371/18124 F3223/218/10, p.69

³⁷⁷ TNA, FO/371/18124 F3223/218/10, p.69

³⁷⁸ ASMAE, *Anno 1934 Telegrammi di Arrivo Cina* ‘Situazione in Cina – Missione aeronautica italiana’ n. 492 R. Shanghai 2 February 1934

³⁷⁹ TNA, FO/371/18124 F3223/218/10, p.69

³⁸⁰ TNA, FO/371/18124 F3517/298/10 ‘Italian Aviation in China’ : ‘Sale of Italian Aircraft, 17 April 1934’, p.102

³⁸¹ ASMAE, *Anno 1934 Telegrammi di Arrivo Cina* “Forniture materiali aeronautici: Colonnello Lordi” n. 4556 P.R. Shanghai 7 May 1934

³⁸² RG 165 File 2078-125 Report no. 8858 ‘Central Aviation School, Hangchow, China’ 28 June 1934’ p.4: Chou is also referred to as General Chow or Chao in diplomatic reports.

with the American air mission, its administration and policies.³⁸³ Western diplomats were as taken with her as they had been with her brother T.V.: Walter Drysdale described her as ‘not only a charming lady but an intelligent, capable and interested one.’³⁸⁴ From this point onwards Madame took an increasing interest in aviation but Roberto Lordi rather than John Jouett served as tutor to her and the Generalissimo.

American Bombers for the Air Force

There was another aspect of the Fukien Revolt which disturbed Chiang more than the political challenge posed by the rebels. According to entries in his diary (24 and 26 October 1933), Chiang was convinced that Japanese officers in Taiwan were preparing to invade South China via Fukien, a threat to which Cantonese army officers based there were oblivious.³⁸⁵ Since taking over Taiwan in 1895, Japan had treated Fukien as a region of special interest and actively interfered in its internal affairs.³⁸⁶ When the Fukien rebels declared independence on 20 November 1933, Joseph Grew, the US Ambassador in Tokyo immediately reported to the State Department the concern of the Japanese Foreign Ministry: ‘if any indication of anti-Japanese activities appears, Japan will be forced to act. Due to the proximity of Fukien Province to Formosa Japan feels a special interest in the situation.’³⁸⁷

In this period the Japanese began to disseminate propaganda about the air threat from South China which mirrored Chiang’s own fear of Japanese incursion into Fukien from Taiwan: in November 1933 *CWR* reproduced extracts of articles published in the Tokyo press during the previous month.³⁸⁸ These raised the spectre of a Chinese invasion of Taiwan, or aerial attacks on Japanese islands in the South China Sea with the help of the United States. The most detailed of these articles was ‘The US-Chinese Menace from the Air’ in which the author, Shinnaka Hirata raised the spectre of air-

³⁸³ RG 165 File 2078-125 Report no. 8858 28/6/34

³⁸⁴ RG 165 File 2078-125 Report no. 8858 28/6/34

³⁸⁵ HISU, Chiang Diaries, Box 36, Folder 22, entry for 26 October 1933. In referring to the Cantonese it is not clear if Chiang refers to the 19th Route Army or the leadership of Kwangtung. From the context, it is likely to be the former.

³⁸⁶ Benton, *Mountain Fires*, p.128

³⁸⁷ FRUS, 1933, Vol. III, ‘The Ambassador in Japan (Grew) to the Secretary of State, Tokyo, 22 November 1933’, p.467

³⁸⁸ *CWR* ‘China’s Air Force Expansion Sows Seeds of Uneasiness in Minds of the Japanese’ 4 November 1933, p.396

raids on Japan from the Philippines or China. Although he regarded China's existing air force as 'no more of a menace than a flight of crows' he was a scaremonger about Chiang's plans 'to attack Japan from the air by acquiring the command of the air of the Yellow Sea and South China Sea.'³⁸⁹ Heavy bombers from Haichow could attack North Kyushu, only 900 kilometres away while bombers based at Chenhai and Hangchow would menace South Kyushu and the Liuchiu Islands (the chain of islands between Taiwan and Japan which includes Nagasaki); air attacks launched from Chuanchow and Swatow would 'strangle Formosa and undermine our strategic base in the south.'³⁹⁰ He concluded that 'the US-Chinese approach in the military field makes me picture in mind the advent of a giant scale crisis in three to four years.'³⁹¹

The Japanese may have based their threat assessment in part on inflated estimates of Chinese air strength. In October 1933 *CWR* ran a long article entitled, 'China Rapidly Becoming an Air-power – Soon will Rank Sixth Among Nations' which claimed that the Chinese Air Force had 'well over three hundred planes.' Yet the number of planes on active duty in Nanchang for the Fifth anti-Bandit Campaign comprised only 21 aircraft.³⁹² In December 1933 *CWR* reported that, according to General Chen Chih Tang, the Kwangtung air force had some 180 aircraft.³⁹³ At that time, however, American military observers counted only 63 aircraft in Canton's fleet of which 47 were just about airworthy.³⁹⁴ *CWR* also wrote that the 19th Route Army had 50-60 airplanes in Fukien paid for by the Overseas Chinese and that the People's Government of Fukien had taken over the only airplane factory in China, the naval air station at Amoy.³⁹⁵ US intelligence in the autumn of 1933 found that the 19th Route Army had four airworthy

³⁸⁹ *CWR* 'China's Air Force' 04/11/1933, p.396

³⁹⁰ *CWR* 'China's Air Force' 04/11/1933, p.397

³⁹¹ *CWR* 'China's Air Force' 04/11/1933, p.397

³⁹² *CWR*, 'China Rapidly Becoming an Air-power – Soon will Rank Sixth Among Nations' 7 October 1933, p.213 & NARA, RG165 File 2078-95 Report no. 8701 'Current Aviation Activities' 5 December 1933, p.3

³⁹³ *CWR*, 'Japanese Renew Armed Activities Following Bombing Incident; Canton Building up Air Force' 14 July 1934, p.257

³⁹⁴ NARA, RG165 File 2078-134 Report no. 8700 'Survey of Military Aviation in China' 4 December 1933, p.3

³⁹⁵ *CWR*, 'China's Aviation becoming of National and International Importance' 16 December 1933, p.88

planes.³⁹⁶ As for the naval factory at Amoy, it had produced only 2 airplanes in 1933 owing to a shortage of funds.³⁹⁷

In late December 1933 Chiang wrote in his diary that he must secretly acquire long range bombers and made many notes about developing air facilities across Fukien province.³⁹⁸ According to Julean Arnold, Dr. Kung was interested in acquiring 18 heavy long distance Boeing planes (possibly the Boeing B-9) which cost US\$150,000 each.³⁹⁹ In choosing the Boeing, he wanted the biggest and best but the local Boeing representative, Leslie Lewis discouraged him from buying them 'as they are too large, they can only be landed on the Hangchow field': since the airfields in Kiangsi or Fukien could not accommodate heavy long range bombers, it was pointless to acquire the planes which Chiang demanded.⁴⁰⁰

Lewis recommended to Kung that he opt instead for Northrop bombers which Bill Pawley could sell for about US\$45,000 each.⁴⁰¹ On 16 December Kung ordered 14 Northrop bombers from Pawley as well as the necessary munitions to go with them, at an estimated cost of US\$630,000.⁴⁰² On hearing of the Northrop contract, Arnold noted in his diary that 'the demands arising out of the Fukien separatist movement are forcing the Central government to expend large sums on military preparations...thus the financial outlook is becoming a matter of increasing concern.'⁴⁰³

In addition to selling Northrop bombers, on 8 December 1933 Bill Pawley signed a contract with Dr. Kung to set up a new corporation, the Central Aircraft Manufacturing Company Federal Inc. U.S.A. (CAMCO).⁴⁰⁴ A further agreement between Curtiss-Wright, Intercontinent and Douglas set out the terms for participation by the three

³⁹⁶ NARA, RG165, File 2078-134, Report no. 8700 4/12/33, p.5

³⁹⁷ NARA,, RG38 Entry 98 A-1-B Registry no. 19756, 'Report No.188 June 1933 China, China's Aircraft plant'

³⁹⁸ HISU, Chiang Diaries, Box 37 Folder 2, entry for 5 December 1933

³⁹⁹ HISU, Arnold Diary 'December 11, 1933'

⁴⁰⁰ HISU, Arnold Diary, 11/12/33

⁴⁰¹ HISU, Arnold Diary, 11/12/33

⁴⁰² HISU, Arnold Diary, 'December 18, 1933'

⁴⁰³ HISU, Arnold Diary, 18/12/33

⁴⁰⁴ HISU, ANY Box 36 Mil/Av, 'AGREEMENT this eighth day of December 1933 between the Military Council of The National Government of the Republic of China...and Central Aircraft Manufacturing Company, Federal Inc. U.S.A' item.7, p.3 ; TNA, FO/371/18123, F723/218/10, 'Mr Ingram (Peking), 5th February 1934', p.147. Ingram reported that Paul G Zimmerman the first CAMCO general manager witnessed the contract signing.

CAMCO shareholders.⁴⁰⁵ The key clauses in this contract benefitted both parties: Intercontinent and its partners received a minimum guaranteed order of 60 planes a year while and the Ministry of Finance and Intercontinent divided the savings from local assembly evenly. Exactly how these savings were accounted for and distributed remains something of a mystery: it was reported that in 1934-1936 total estimated savings for assembling 127 planes came to \$600,210.⁴⁰⁶

In December 1933, a few days after Pawley had signed the factory contract with Dr. Kung, he sent a version of the same plan to Colonel K.Y. 'Freddy' Wong, head of the Kwangtung Air Force (KAF) which came under the jurisdiction of the Kwangtung First Army Corps.⁴⁰⁷ When Chen Chih-tang heard that Nanking was planning to construct an American airplane factory, he wanted to rival it with a modern plant for planes of 'Chinese design,' according to the aeronautical engineer Constantine L. Zakhartchenko.⁴⁰⁸

The Amau Statement

The evidence has suggested that China's foreign partnerships in aviation genuinely perturbed the Japanese, especially the initiatives in Fukien province and Kwangtung which were within flying range of Taiwan. In April 1934 the British Commercial consular in Shanghai, Louis Beale received documents about the Curtiss-Wright factory at Canton from a Japanese diplomat.⁴⁰⁹ A.W.G. Randall of the Foreign Office subsequently minuted, 'Mr. Suma evidently wanted to 'rub it in' about U.S.A. military backing of China, which Japan resents and will probably try to prevent.'⁴¹⁰ In May 1934 the American military attaché Walter Drysdale also made the connection between

⁴⁰⁵ NARA, RG46 Folder 11 Current File Douglas, 'Agreement made as of the first day of May 1934, between Intercontinent Aviation, Inc...Curtiss-Wright Corporation... and Douglas Aircraft Company Inc.' (hereafter CAMCO, May 1934 agreement)

⁴⁰⁶ Xu, *War Wings*, p.70: Xu refers to: 'A summary of the Intercontinent Corporation's Activities in China from 1929 to Date' January 24, 1939 File number 893.248/134, RG 59 NA – I did not find this document with that date in the sequence of documents 893.248/40 -893.248/171 contained on microfilm NARA, LM 182 Reel 73.

⁴⁰⁷ TNA, FO/371/18124 F3675/218/10 18 June 1934, 'Intercontinent Aviation Inc, December 13, 1933 to General K.Y. Wong Bureau of Aeronautics Canton', p.117

⁴⁰⁸ HISU, Constantine L. Zakhartchenko Papers, Box 2, 'Letter to Gerry Beauchamp March 15, 1976', p.4

⁴⁰⁹ TNA, FO/371/18124 F3675/218/10 'Proposed erection of aircraft construction factory in Canton' 18 June 1934, 'No.596 (12/23E/1934), 30th April 1934', p.116

⁴¹⁰ TNA, FO/371/18124 F3675/218/10 : 'Minute by A.W.G. Randall 19/06/33'

the proposed Canton factory and Japanese paranoia about American military support for China: 'this important advance probably was one of the immediate and direct causes of the recent Japanese reaction,' he noted referring to *the Amau Statement*.⁴¹¹ By the time Drysdale made this comment, most of the western powers had spent weeks pondering the appropriate response to 'off the record' remarks of the Japanese Foreign Ministry spokesman, Eiji Amau at a press conference on 17 April 1934. This clear expression of a Japanese *Monroe Doctrine* created a diplomatic incident which heavily penalised China and increased US government appeasement of Japan.

In mid-January 1934, Eiji Amau, a spokesman for the Japanese Foreign Ministry read out a telegram at Ministry press conference alleging that 'Chiang Kai-shek was engaged in the construction of elaborate aerodromes on the Fukien coast at Amoy and Foochow which airdromes were being financed from proceeds of the[US] Cotton and Wheat loan.'⁴¹² Amau repeated assertions made the previous year that Chiang received covert American assistance for the air force in Fukien which, he claimed violated Sino-Japanese treaties forbidding foreign powers from establishing military or commercial facilities in the province.⁴¹³

Some months later, in April 1934 Amau, once again appeared before the press and took questions about foreign assistance to China. He pulled from his files a document purporting to be instructions sent to the Japanese Minister in China to use in talks with the Chinese government: he translated this document into English on the spot.⁴¹⁴ How recently it had been written or exactly why was unclear: it could have been transmitted a few days or even a few months before, as the Old China Hand George Sokolsky observed in the *New York Times*.⁴¹⁵

The Japanese Foreign Ministry subsequently confirmed that the views expressed by Amau on the basis of this memorandum should be considered official.⁴¹⁶ The Statement disclosed that Japan would 'oppose any attempt on the part of China to avail herself of

⁴¹¹ NARA,, RG165 file 2078-95 Report 8833, 'Current Aviation Activities' 18 May 1934, p.1

⁴¹² NARA,165, file 2078-137 Report no. 8787 09/03/33

⁴¹³ NARA,165, file 2078-137 Report no. 8787 09/03/33, p.2

⁴¹⁴ *FRUS*, Japan 1931-1941 Vol. I, 'The Ambassador in Japan (Grew) to the Secretary of State', Tokyo, 20 April 1934, p.223

⁴¹⁵ *NYT*, George Sokolsky 'Again Japan's Policy Agitates the World', 29 April 29 1934, p.XX1

⁴¹⁶ *NYT* Sokolsky, Japan's Policy 29/04/34

the influence of any other country in order to resist Japan. Any joint operations undertaken by foreign powers even in the name of technical or financial assistance...acquire political significance.’⁴¹⁷ Significantly, the *Statement* emphasised the threat posed by China’s military aviation and foreign assistance to the air force in terms which echoed Mr. Amau’s declaration to the press in January 1934: Supplying China with war planes, building aerodromes in China and detailing military instructors or military advisers to China or contracting a loan to provide funds for political uses, would obviously tend to alienate the friendly relations between Japan and China and other countries and to disturb peace and order in East Asia. Japan will oppose such projects.⁴¹⁸

The Japanese ambassador to the United States clarified that ‘Japan’s restatement of policy with regard to China resulted from the American wheat and cotton credit and from sale of American airplanes to China.’⁴¹⁹ On 25 April 1934 the Japanese foreign minister repeated the warning that Japan opposed any cooperation –financial, technical or otherwise -- between foreign powers and China, in particular ‘the supply of military aeroplanes, the establishment of aerodromes, the supply of military advisers or political loans’ that would ‘prejudice peace and order in the Far East.’⁴²⁰

In an article for *The New York Times* George Sokolsky also emphasised the air threat to Japan: a photo of airplanes flying in formation bore the caption, ‘air armadas, Japan’s Greatest Fear’ while a map of China and Taiwan had another caption concerning Foochow ‘where Japan fears an Anti-Japanese Air Base’. Sokolsky pointed out that Japan even felt threatened by civil aviation developments in China: as Pan Am’s proposed air route between Shanghai and Manila would fly along the Fukien coast, ‘the Japanese immediately became concerned over the future of Formosa, which could easily be bombarded by planes from Fukien just across the channel.’⁴²¹

⁴¹⁷ *FRUS*, Japan 1931-1941 Vol. I, ‘Unofficial Statement by the Japanese Foreign Office’, 17 April 1934, pp.224-225

⁴¹⁸ *FRUS*, Japan 1931-1941 Vol. I, ‘Unofficial Statement’, 17/04/34, p.225

⁴¹⁹ *FRUS*, 1934 Vol. III, ‘The Minister in China (Johnson), to the Secretary of State’, Peiping, 24 April 1934, p.131

⁴²⁰ *FRUS*, Japan 1931-1941 Vol. I, ‘The Japanese Ambassador (Saito), to the Under Secretary of State(Phillips)’, 25 April 1934, enclosure 2 Translation of Mr. Hirota, Minister for Foreign Affairs, ‘Instruction to the Japanese Minister in China’, pp.229-230

⁴²¹ *NYT* Sokolsky, Japan’s Policy 29/04/34

In the spring of 1934 Frank Hawks demonstrated the huge Curtiss Condor transport/bomber to crowds in Shanghai and Nanchang.⁴²² Furthermore a few Northrop bombers had been shipped to China. The Northrop bomber out-performed all other planes in the Chinese fleet and many other models worldwide, having set records in the United States as the fastest long distance aircraft yet tested: it had a cruising speed of 200 mph and a range of 1700 miles.⁴²³ The Chinese were unique among foreign customers in procuring these long range planes for their air force.

That Japan took the air threat from China seriously is further revealed by the staging of air manoeuvres and civil defence exercises on Taiwan in June 1934. Alexander Ovens, the British consul at Tamsui, (formerly known as Fort Santo Domingo) reported to the Foreign office about extensive preparations for air raid practice in the northern part of the island:

Gas mask practices have been organized. Routine business of government offices throughout the two provinces has been largely held up for at least two weeks by daily visitation from the military charged with the supervision of local measures of self-protection...In all the above there is probably nothing new, save perhaps the degree of thoroughness with which preliminary training is being conducted.⁴²⁴

In his annual report for 1934 Ovens noted that in an otherwise uneventful year, the only disturbing factor was the enforcement of preparations in the cause of 'national defence': the military governor, General Iwane Matsui – later the notorious leader of the Shanghai expeditionary force - was 'an enthusiastic advocate of air-preparedness and aviation communications.'⁴²⁵ Chiang's 'scarecrows' had the desired effect. By acquiring long range bombers he impressed upon the Japanese in Tokyo and in Taiwan that if they meddled in South China, he could retaliate with force. Airpower became one more instrument for 'buying time' as he pressed on with pacification before facing external resistance.

⁴²² CWR 'Commander Hawks Arrives Here with Giant Condor Plane' 10 March 1934, p.70

⁴²³ Walter G. Vincenti, 'The Retractable Airplane Landing gear and the Northrop 'Anomaly': Variation-Selection and the Shaping of Technology' *Technology and Culture*, Vol.35, No.1 (Jan., 1994), p.13

⁴²⁴ TNA, FO/371/18194 F4790/3669/23, 7 August 1934 'Air Manoeuvres in Formosa', p.16

⁴²⁵ TNA, FO/371/19355 F1766/264/23 18 March 1935 'Annual Report on Island of Formosa [1934]', p.2

In *The United States and the Far Eastern Crisis, 1933-1938* Dorothy Borg treated the *Amau Statement* primarily as an expression of 'Japanese opposition to foreign aid to China,' particularly economic and technical assistance.⁴²⁶ The evidence of diplomatic and press reports suggests that the *Amau Statement* was triggered by Chiang's development of airpower in South China and specifically the acquisition of long distance bombers from the United States which made Taiwan and possibly other Japanese territory vulnerable to air attack from China.

The American response to the Amau Statement

The Amau Statement induced the US State Department to reinforce its policy of appeasement towards Japan by taking further steps to distance itself from China, particularly in the field of military aviation. From the start, the State Department had been against the US\$50 million Cotton and Wheat credit which T.V. Soong negotiated with Treasury Secretary Henry Morgenthau Jr. in May 1933: in the summer of 1933 Stanley Hornbeck wrote numerous memoranda warning President Roosevelt of the difficulties which the loan had created for US foreign policy.⁴²⁷ In an aide-memoire and other memoranda, the State Department confirmed its 'policy of the good neighbour' and its desire to settle any differences with Japan in a 'spirit of better understanding and harmony.'⁴²⁸ It reviewed China policies to ascertain if they should be changed to avoid friction with Japan and quickly came to the conclusion that steps were needed to 'avert any future controversy between America and Japan over the issue of military aid to China.'⁴²⁹ Hornbeck also argued that the US government should refrain from supporting any further loans to China on the grounds that China had a long history of defaulting on its loans and the recent US\$50 million loan to China had broken with the spirit if not the letter of a longstanding agreement established by a Consortium on international banks about arranging credit for China.⁴³⁰

⁴²⁶ Dorothy Borg, *The United States and the Far Eastern Crisis, 1933-1938* (Cambridge, Mass., 1965), p.75

⁴²⁷ Borg, *Far Eastern Crisis*, p.68

⁴²⁸ Borg, *Far Eastern Crisis*, p.80

⁴²⁹ Borg, *Far Eastern Crisis*, p.81

⁴³⁰ Borg, *Far Eastern Crisis*, p.81

The first victim of the new policy was John Jouett. Stanley Hornbeck issued instructions for Foreign Service officers to take every opportunity to clarify that John Jouett's air mission in China received *no* government backing.⁴³¹ In April 1934 Jouett had already told Robin Willock of his desire to leave China. Nevertheless in the summer of 1934, he made a final effort to save his mission in China. In a letter to President Roosevelt Jouett him to intercede with Chiang for renewal of his group's three year contract.⁴³² The State Department prepared a memorandum for the White House stating that since it was not the government's policy to encourage trade in munitions of war to China, neither the President nor the Department should become involved in Jouett's problem. 'A noncommittal acknowledgement of Jouett's letter' was sent to him by Roosevelt's secretary.⁴³³

By this time, Jouett and his diplomatic supporters were already resigned to his defeat at the hands of the Italians and the Generalissimo. According to Walter Drysdale, Chiang had become convinced 'that Colonel Jouett and his American group were primarily interested in the sale of American planes and not in building up an efficient Chinese air force.'⁴³⁴ In one of the last dispatches about Jouett's tenure at the Hangchow aviation school, Ed Cunningham observed that whatever may have accounted for the disruption of the Mission's work at Hangchow, the fact remained that the mission had trained 'some four hundred admittedly excellent Chinese pilots' and that its work was 'shortly to be greatly curtailed and possibly eclipsed.'⁴³⁵ The principal reason for the mission's demise was that 'the American Adviser (Colonel Jouett) had not attached himself closely to General Chiang Kai-shek while the Italian Adviser definitely had.'

In late January 1935, Clarence Gauss, the chargé at Peiping reported that 'the Legation has reason to believe that an effort may be made through Jouett or others to invite some fairly high ranking officer of the United States Army Air Force now on the active list to

⁴³¹ Borg, *Far Eastern Crisis*, p.82

⁴³² Borg, *Far Eastern Crisis*, p.82

⁴³³ Leary, *Jouett Mission*, p. 460: Leary quotes Raymond C. Makay, 'Italian Aviation Interests in China-Conduct of Central Aviation School, Hangchow by Colonel John H. Jouett and Associates,' 12 September 1934, NARA,, SD 893.20

⁴³⁴ NARA, file 2078-121, report no.8974 'American Aviation Mission' 21 November 1934, p.1

⁴³⁵ NARA, RG38 Box 136 File A-1-u Register no. 7348 'Central Aviation Academy, Hangchow, China' 18 May 1935

retire and accept appointment as Jouett's successor.⁴³⁶ Secretary of State Cordell Hull immediately advised diplomats in China to convey to Chiang Kai-shek that any effort to replace Jouett by recruiting an officer from the USAAC active list would be 'regarded with displeasure by this government.'⁴³⁷

Above all, in American official circles, it is felt that action on the part of the Chinese or of the American or of both Governments tending to give the impression that the American Government is inciting the Chinese Government to military preparedness or is assisting that Government in its own program of preparedness or is attempting to create special bonds between the military forces of the two countries would have a net effect disadvantageous to each and to both countries.⁴³⁸

With this communication, the State Department made clear that the US government would avoid any appearance of assisting China militarily and would discourage its citizens from taking part in it either by threatening prosecution under various statutes or withholding passports.

Chiang and the Italian mission

In 1934 Roberto Lordi became not only the top air adviser to the CoAA but a friend and confidante to the Chiangs. Using English as their common language, with Madame acting as interpreter, Lordi and the Chiangs discussed international affairs, Mussolini's foreign policy and Italian fascism.⁴³⁹ Lordi reported that 'Chiang followed with lively interest developments in the European situation and took notice of the profound and decisive influence that the personality of our President exerts on it'...⁴⁴⁰

The Italian minister in China, Raffaele Boscarelli took every opportunity to convey to the Foreign Ministry in Rome Chiang's admiration for Mussolini and Italian fascism.

⁴³⁶ *FRUS*, 1935 Vol. III 'The Charge in China (Gauss), to the Secretary of State', Peiping, 25 January 1935, p.18

⁴³⁷ *FRUS*, 1935 Vol. III 'The Secretary of State to the Chargé in China (Gauss)' Washington 26 January 1935, p.21

⁴³⁸ *FRUS*, 1935 Vol. III Gauss to Secretary of State, 26/1/35, p.21

⁴³⁹ TNA, FO 371/18124 'Sales of Italian Aircraft in China' 20 September 1934, p.203; FO 371 19297 F1779/202/10 'Annual report on aviation in China during 1934' 19 March 1935, p.193

⁴⁴⁰ ASMAE, *Anno 1934 Telegrammi di Arrivo Cina* 'Colloquio Colonnello Lordi – Chiang Kai Schek' n. 2906 R. Shanghai, 9 August 1934

‘In all the conversation that I have had with Chiang Kai Shek, he has always spoken to me at length and above all of fascism.’⁴⁴¹

Chiang’s admiration for Italian fascism became a recurring theme in Boscarelli’s reports to the Foreign Ministry from May 1934 onwards. At Nanchang, ceremonies involving the Italian air mission or conversations with Lordi were punctuated by Chiang’s praises for Mussolini. The British air attaché on a visit to Nanchang noticed ‘even the Chinese pupils giving the fascist salute.’⁴⁴² At a banquet for the air mission in September 1934 Chiang ‘thanked members of the mission for effectively developed work in aeronautic training, expressing admiration for their discipline, spirit of sacrifice and expressing on behalf of Chinese officials the greatest appreciation for the work of *il Duce* and Fascism.’⁴⁴³ Lordi reported to Boscarelli that Chiang ‘did not limit himself to admiring Mussolini but desired as much as possible and as the special conditions of his country would allow, to shape his work along the general political lines laid down by *il Duce*.’⁴⁴⁴ Chiang’s followers had already started to address him as the supreme leader of his country. During the Shanghai war Whampoa cadets established the tradition of calling Chiang ‘leader’ (*lingxiu*), the equivalent of *Führer*, a practice which apparently endured for the rest of his career.⁴⁴⁵

Furthermore Lordi felt that the Italians were rising steadily in the esteem of the Generalissimo even to the detriment of the German military advisers.⁴⁴⁶ Boscarelli hinted that Chiang might reconsider the status of the German advisers in light of Mussolini’s attitude towards Nazi Germany: ‘as regards the presence of German military advisers and the eventual continuation of their mission, Chiang Kai Shek has asked Lordi to come and ask me personally to find out from Your Excellency most confidentially ‘What the attitude is of the Government towards Hitler’s regime.’⁴⁴⁷

⁴⁴¹ ASMAE, Anno 1934 Telegrammi di Arrivo Cina ‘Chiang Kai-shek ed il Fascismo’ n. 1908 .R. Shanghai 21 May 1934

⁴⁴² TNA, FO 371/19297 F1326/202/10 ‘Air Attaché’s visit to Nanchang 29th November -1st December 1934’, p.130

⁴⁴³ ASMAE, Anno 1934 Telegrammi di Arrivo Cina ‘Chiang Kai-shek ed il Fascismo’ n. 3233 .R. Shanghai 12 September 1934

⁴⁴⁴ ASMAE, Anno 1934 Telegrammi di Arrivo Cina ‘Colloquio Colonello Lordi -Chiang Kai-shek’ n. 2906 .R. Shanghai 9 August 1934

⁴⁴⁵ Wakeman, ‘Confucian Fascism’, p.405

⁴⁴⁶ ASMAE, Colloquio Colonello Lordi -Chiang Kai-shek’, p.2

⁴⁴⁷ ASMAE, Colloquio Colonello Lordi -Chiang Kai-shek’, p.2

It is difficult to distinguish between flattery and fact in Boscarelli's reports as he had every reason to present Chiang as pro-Italy, pro-Fascist. Nonetheless it is evident that in 1934-1935, Chiang was satisfied with the Italian aviation mission at Nanchang, that Lordi was close to the Chiangs and through frequent contact with Lordi, Chiang developed an admiration for Italian fascism which translated into a desire to replicate in China, *il Duce's* achievements in Italy.

Nanking and Canton

In 1935-1936 an equally important factor in Chinese military aviation was tension between Canton and Nanking. This reached a climax in the summer of 1936 when the semi-independent regime of Marshal Chen Chih-tang in Kwangtung collapsed. The defection of the Kwangtung Air Force to Nanking during a coup against Marshal Chen was seen as 'an important step towards unification' in China by the British Air attaché.⁴⁴⁸ The underlining rationale for the merger of the KAF and the CAF was the growing anxiety of Canton and Nanking about the Japanese threat to South China.

In July 1935 Chiang transferred his military base from Nanchang to Szechuan province to continue the campaign against the Communists in the west and north.⁴⁴⁹ British Army intelligence surmised that this westward shift of Chiang's best troops would leave Kwangtung 'to shoulder the responsibility of holding the right flank to the sea' in the event of war with Japan.⁴⁵⁰ The British particularly kept an eye on developments in Taiwan because of the risk which Japanese forces posed to Hong Kong. In 1935 the local consul C.H. Archer in Taiwan noted that the civil administration of the island had a policy of 'economic penetration by peaceful means in South China and the 'South Seas.' Only time can show whether the militarists will be content to leave well alone.'⁴⁵¹ Archer also commented on 'spy fever' and the considerable increase in air

⁴⁴⁸ TNA, FO/371/20968 F2527/31/10 'Annual Report in Aviation in China in 1936' 3 May 1937, p.83: the crisis is also known as the June 1 incident and the Liang Guang incident

⁴⁴⁹ NARA, RG38 Box 96 File A-1-q Register no.12592-c Folder Aeronautics in China 1930-32-33-34-35 'Aviation Notes' report no. 315 16 August 1935

⁴⁵⁰ TNA, FO/371/20241 F236/96/10 'Japan's Future Policy Towards China' by Lieutenant-Colonel Lovat-Fraser 2 November 1935, p.286

⁴⁵¹ TNA, FO/371/20289 F1233/1233/23 1 February 1936 'Annual Report on Formosa for 1935', p.169

force facilities.⁴⁵² In 1936 when G.W. Harrison of the British Embassy in Tokyo visited Taiwan, he noted far more aerodromes and squadrons, indications that the Japanese military regarded Taiwan as a 'jumping off ground' for aggression against either Hong Kong or South China.⁴⁵³

Sino-Japanese relations deteriorated further in the autumn of 1935 when, after months of negotiation, Foreign Minister Hirota reduced his country's demands to three main points: recognition of Manchukuo; cooperation with Japan to eliminate Communism; submission to Japan in foreign policy.⁴⁵⁴ In subsequent discussions, Japan also insisted on the suppression of anti-Japanese propaganda across China.⁴⁵⁵ As Hirota's three point programme became known in China, students reacted with nationwide protests and the Southwest leaders with more anti-Chiang, anti-Japan rhetoric.⁴⁵⁶

While tension mounted between Nanking and Canton at the political level, their two air forces were beginning to collaborate. In the autumn of 1935 Bill Pawley brought a Vultee V-11 attack bomber to China which he demonstrated at Shanghai, Hangchow and possibly Canton.⁴⁵⁷ Art Lim of the Kwangtung Air Force proclaimed that 'the day of pursuit aviation was absolutely done, and that the fast attack bomber must be the backbone of their Air Force,' hence the interest in Vultee planes.⁴⁵⁸ In February 1936 the military authority in Canton received import licenses from the central government to

⁴⁵² TNA, FO/371/20289 F1233/1233/23, pp.171-172

⁴⁵³ TNA, FO 371/20289 F5393/1233/23 'Defence of Formosa' 5 September 1936, Memorandum by G.W. Harrison, p.201

⁴⁵⁴ *FRUS*, 1935 Vol.III 'The Ambassador in China (Johnson) to the Secretary of State' Nanking 15 November 1935, p.417

⁴⁵⁵ *FRUS*, 1935 Vol.III 'The Chargé in Japan (Neville) to the Secretary of State' Tokyo 25 November 1935, pp.440-441

⁴⁵⁶ *FRUS*, 1935 Vol.III 'The Ambassador in China (Johnson) to the Secretary of State' Nanking 3 January 1936, p.506

⁴⁵⁷ Doris Arnold, *Missy's China: Letters from Hangchow 1934-1937* (Hong Kong, 2008), 'Letter December 6, 1935', p.286; *The Berkeley Daily Gazette* 'Storm stops Hop for new record' September 8, 1936, p.2. In July 1935 Robin Willock had reported that Jimmy Doolittle was returning to China to demonstrate the Vultee bomber: see TNA, FO/371/19298 F5104/202/10, 7 August 1935 'American aviation interests in China', p.187; for Walter Bass's arrival in China see *NCH* 'Vessels due to arrive Per: RDS President Coolidge Nov. 13 from Kobe, Mr and Mrs Walter Bass' 20 November 1935, p.340

⁴⁵⁸ Lym was born in Honolulu and learned to fly in the United States before coming to Canton to fly for Sun Yat-Sen's early air units: see NARA, RG165 File 2078-134 report no. 8700 4/12/33, p.2.

purchase 29 Curtiss Hawk III and 29 Vultee V-11 attack bombers.⁴⁵⁹ At the end of February 1936 the US Consul General in Canton reported that local military authorities had paid Intercontinent US\$850,000 as one third down payment for 60 aircraft which had recently received *huchaos* (permits) from the central government.⁴⁶⁰

It is unlikely that the central government would have allowed the Canton air force to import planes which might be used against Nanking in a civil war. In early July 1936 US naval intelligence officer Thomas Shock commented that Nanking had no longer held up Canton's *huchaos* because 'the Central Government feels (and may be knows) that the Cantonese air force will take off for and side with Nanking immediately trouble breaks between the Central Government and South China.'⁴⁶¹

On 12 May 1936 the death of the veteran KMT statesman Hu Han-min created a political vacuum which both sides rushed to fill.⁴⁶² Anticipating military action by the Southwest generals, Chiang massed troops in Hunan on the Kwangsi/Kwangtung border.⁴⁶³ On 6 June Chen, Li and officers of the First and Fourth Group Armies renamed their armies *the Chinese Revolutionary Anti-Japan National Salvation Army* and prepared to launch a northern expedition against the Japanese designed to embarrass Chiang into further concessions and subsidies for the Southwest militarists.⁴⁶⁴ To do so, however, their army as it cross through Hunan on the way north had to confront close to 350,000 Nationalist troops.⁴⁶⁵

In the end, Chen ~Chih-tang's right hand man Yu Han-mou dealt the final blow to Southern independence. As a 'pacification commissioner' in Kiangsi since 1935, Yu

⁴⁵⁹ NARA, RG59 Central Decimal File (CDF) 711.00111 1930-1939 Licences Intercontinent Corp 32/93 February 19, 1936 (materials for 29 Hawk III) & NARA, RG59 CDF 711.00111 1930-1939 Licences Intercontinent Corp 44/93 February 29, 1936 (materials for 29 Vultee V-11 attack bombers)

⁴⁶⁰ NARA, RG59 CDF 711.00111 1930-1939 Licences Intercontinent Corporation 35/93 February 28, 1936

⁴⁶¹ NARA, RG38 Box 18 File A-1-b Register no.19756, Folder Aircraft Factories China 1932-1940 Report. No. 233 'Shiuchow Kwangtung Aircraft factory' 10 July 1936 by Thomas M. Shock

⁴⁶² Chan, 'Kwangtung Military', p.223

⁴⁶³ *FRUS*, 1936 Vol. IV 'The Counselor of Embassy in China (Peck) to the Secretary of State', Nanking 4 June 1936, p.191

⁴⁶⁴ *FRUS*, 1936 Vol. IV 'The Consul General at Canton (Spiker) to the Secretary of State', Canton 6 June 1936, p.195

⁴⁶⁵ *FRUS*, 1936 Vol. IV Spiker to Secretary of State, Canton 6/6/36, p.195

had come into close contact with Chiang's headquarters in Nanchang.⁴⁶⁶ On arriving at Nanking to attend a plenary session, he announced that from thenceforth Kwangtung 'would adhere to the policy of the Central government in all matters affecting the state.'⁴⁶⁷ On 13 July Yu was appointed Southwest Pacification Commissioner and led the Kwangtung 1st Army Corps back to its home province. Within days, Marshal Chen's troops began to desert en masse, soon followed by the Kwangtung Air Force under General K.Y. 'Freddy' Wong.⁴⁶⁸ Chen Chih-tang tendered his resignation on 18 July and fled to Hong Kong.⁴⁶⁹ The Japanese threat to South China persuaded Yu, and the KAF to abandon Canton's traditional opposition to Chiang and join forces with Nanking as the best possible course for resisting Japan.

Chiang's 50th Birthday Airplanes

1936 marked another turning point in China's military aviation when the Nanking regime prepared to celebrate the Generalissimo's Fiftieth Birthday on 31 October. The slogan *National Salvation through Aviation* was revived as was the emphasis on national defence which had been current in the aftermath of the Shanghai War. Both themes were used for the Birthday Celebration fundraising drive to buy 70-100 planes for Chiang which *CWR* expected to be 'probably the most extensive ever staged in the land, even surpassing the campaign which followed the Japanese intervention and bombing of Shanghai in 1932.'⁴⁷⁰ The regime also reinforced 'air mindedness' by staging night-time air defence manoeuvres in major cities.⁴⁷¹

There were key differences, however, between the 1933 and 1936 fundraising campaigns. In 1933 public subscription for planes covered up the diversion of Boxer Indemnity funds for aircraft procurement. The 1936 campaign was directly linked to a personality cult centred on the Generalissimo. In the run up to the Birthday celebrations,

⁴⁶⁶ Chan, 'Kwangtung Military', pp.229-230

⁴⁶⁷ *FRUS*, 1936 Vol. IV 'The Counselor of Embassy in China (Peck) to the Secretary of State', Nanking 11 July 1936, p.240

⁴⁶⁸ TNA, FO 371/20250 F4263/166/10 'Situation in China' 15 July 1936, p.130

⁴⁶⁹ *FRUS*, 1936 Vol. IV 'The Consul General at Canton (Spiker) to the Secretary of State', Canton 18 July 1936, p.249

⁴⁷⁰ *CWR*, 'Would present Nanking with 70 planes on Chiang's Birthday' 18 April 1936, p.218

⁴⁷¹ *CWR*, 'Hangchow holds Air Defence Manoeuvres – Foochow next' 2 May 1936, p.301

the air force became a symbol of national mobilisation under Chiang to prepare for an imminent confrontation with Japan.

Chiang let it be known that he would frown on 'forcible measures' to raise funds for gift planes but such measures were taken all the same.⁴⁷² In late March the official KMT news service announced a sliding scale of contributions: 2-10 % on civil service salaries of CH\$50 -500 would be deducted for the fund of the National Aviation League. Shanghai had one of the most ambitious subscriptions which aimed to raise CH\$1 million for nine bombers.⁴⁷³ In a radio message the mayor of Shanghai, General Wu Teh-chen gave a speech entitled 'Aviation Movement and National Revival' which provided the rationale for the campaign: 'an adequate air force...constitute[s] the least expensive, the most useful and most progressive line in national defence.'⁴⁷⁴ By mid-September CH\$3.5 million(US\$1 million) had been raised for Chiang's birthday planes.⁴⁷⁵

Through this six month long campaign, the regime transformed Chiang into the leader of national resistance to Japan. On 31 October 1936 the celebrations commenced. As CWR reported, the gifts presented to Chiang were not 'precious stones' or other 'valuables' but 'patriotic fighting planes.'⁴⁷⁶ Banners displayed slogans such as 'Give full support to our leader—Gen. Chiang Kai-shek,' or 'to strengthen the air forces is to strengthen our national defence.'⁴⁷⁷ In addressing the crowd, Chiang used the highly charged rhetoric of redemption:

so long as the people are still in distress, I have not fulfilled my mother's long cherished wish and that so long as the task of national salvation is not yet accomplished, I shall be responsible for the distress and suffering of the people... Therefore I appeal to my countrymen to help me fulfil my mother's ardent wish – to fulfil the great task of national salvation.⁴⁷⁸

⁴⁷² CWR, 'China will have 30 New Fighting Planes as Result of Chiang Birthday Fund' 19 September 1936, p.101

⁴⁷³ CWR, 'Mayor Wu Teh-chen Makes appeal for Aviation Fund' 23 May 1936, p.426

⁴⁷⁴ CWR, 'Mayor Wu Teh-chen' 23/5/36, p.426

⁴⁷⁵ CWR, '\$3,584,000 so far Raised for Purchase of Chiang Birthday Planes' 12 September 1936, p.41

⁴⁷⁶ CWR 'The Meaning of the Nation-Wide Celebration of General Chiang's Birthday' 7 November 1936, p.344

⁴⁷⁷ CWR, Nation-wide Celebration 7/11/36, p.344

⁴⁷⁸ CWR, Nation-wide Celebration 7/11/36, p.344: for a discussion of the ideology and language of national redemption, see Rana Mitter, 'Contention and Redemption: Ideologies of National Salvation in Republican China' *Totalitarian Movements and Political Religions* 3:3, pp.44-74

Some months later in May 1937 the American ambassador Nelson Johnson speculated that Madame Chiang had been instrumental in ‘the identification of her husband with China’s destiny and his enshrinement as China’s indispensable leader toward unified nationhood and national salvation’.⁴⁷⁹ He suggested that the Chiangs’ trusted friend and adviser W.H. Donald had assisted her.⁴⁸⁰

According to *CWR*, 56 planes were presented to the government on Chiang’s birthday, compared to a target of one hundred.⁴⁸¹ After the numerous aircraft christenings in China’s principal cities, a US naval intelligence officer heard from a reliable source that many had been taken ‘from stock’ for presentation purposes. ... It is also a matter of conjecture if the full number of planes subscribed for is ever added to the air strength of China.⁴⁸²

As was the case in 1933 there was no accountability for the funds raised to purchase Chiang’s birthday planes: the sums reported very likely represented a fraction of the cost of purchasing new C-W Hawks, Shrikes and Vultee bombers from Intercontinent. The key purpose of the campaign was not financial but political and psychological. The Chiangs set out to rally the country around the Generalissimo as their leader against the common enemy Japan. He used the air force as the most visible symbol of a modern fighting force. Having raised popular expectations, the question hovered in the air: could the CAF deliver national salvation for China. The answer as numerous foreign diplomatic reports indicated was no.

The Air Force Clique and CAF training

At the end of 1935 Ralph Ofstie commented on the personal interest which Chiang Kai-shek took in the air force and the group of generals that surrounded him: Chan Hing-wan, P.T. Mow (Mao Pang-shu), T.H. Shen (Shen Teh-Hsien), Chow (Chou) Chih-jou and Chien Chang-tsu (C.T. Chien, formerly chief of Technical department in the

⁴⁷⁹ *FRUS*, 1937 Vol. III, ‘The Ambassador in China (Johnson) to the Secretary of State’ Nanking 11 May 1937, p.87

⁴⁸⁰ *FRUS*, 1937 Vol. III, Johnson to Secretary of State 11/5/37, p.87

⁴⁸¹ *FRUS*, 1937 Vol. III Johnson to Secretary of State 11/5/37, p.87

⁴⁸² *FRUS*, 1937 Vol. III Johnson to Secretary of State 11/5/37, p.87

CoAA).⁴⁸³ Ofstie noted that ‘the present administration do not want foreigners controlling or actually directing their aviation...foreign experts must come in as part of the organization and subject to Chinese control, rather than as members of a mission and responsible primarily to the leader of that mission.’ At the time of Ofstie’s visit, General Chow was the commandant of the Hangchow school: all the generals mentioned by Ofstie, apart from T.H. Shen, held a senior position at Hangchow at some point in the 1930s and all had top jobs in the CoAA or the CAF through to the end of the Sino-Japanese war.

The quality of training at the Hangchow school declined after John Jouett and his team left in June 1935 as became evident in January 1936 during the mid-year graduation exercises at Hangchow which the Generalissimo attended.⁴⁸⁴ On that occasion, a US Naval attaché described the aerial acrobatics and flight formation as good: diving, target practice and firing machine guns as poor or fair; in bombing practice there were no direct hits.⁴⁸⁵ He concluded that the 68 new graduates ‘could probably qualify in the United States as ‘limited commercial’ pilots.’⁴⁸⁶ By Chinese standards, this may have been adequate as the CoAA generals tended to believe that military aviation should be no more dangerous to pilots than civil aviation.

When the Chiangs returned in October 1936 for another inspection, the new British Air attaché Wing Commander Harold S. Kerby wrote that they were ‘thoroughly disgusted with what they saw. The Generalissimo said the buildings were fair to outward view but were merely a cloak for the rottenness within, whilst Madame Chiang likened Hangchow to a whitened sepulchre.’⁴⁸⁷ According to a US Naval Intelligence officer, the new commandant, General K.Y. Wong received a ‘dressing down.’⁴⁸⁸ Kerby heard from W.H. Donald that Chow Chih-jou (now head of the CoAA) was told to ‘“change

⁴⁸³ NARA, RG38 Box 96 File A-1-Q Register no.12592-C ‘Aviation in China’, Report no. 312, 10 December 1935’, p.2

⁴⁸⁴ Arnold, *Missy’s China*, letter, 21 January 1936, p.314

⁴⁸⁵ NARA, RG38 Box 136 File A-1-u Register no.7348-A ,Folder Aeronautic Personnel, Schools, training etc China,1936-1942 ‘Hangchow Air School graduation Exercises, Report no. 55 10 February 1936

⁴⁸⁶ NARA, RG38 Box 136 File A-1-u, Report no.55 10/2/36

⁴⁸⁷ TNA, FO/371/20968 F 2527/31/10 ‘Annual Report in Aviation in China 1936’ 3 May 1937, p.90

⁴⁸⁸ NARA, RG38 Box 15 File C-9-d Register no.21902-B Report no. 416 ‘Resume of the Political and Military Situation in China November 28 –December 10,1936’, pp.13-14

his tune” and make every use of his Foreign Advisers.⁴⁸⁹ Chow was adamant, however, that he could not work with Roberto Lordi’s successor, General Silvio Scaroni or any of the Italians: in his memoir, Scaroni referred to two air force cliques one led by General Chow and P.T. Mow aligned with the Americans and the other at Nanchang who worked alongside the Italian mission.⁴⁹⁰ Chow was willing, however, to cooperate with another adviser, the Australian aviator, Squadron Leader Garnet Malley who, having served as an instructor for the KAF was also close to K. Y. Wong.⁴⁹¹

The CoAA, Foreign advisers and Madame Chiang in 1937

Because of her fluent English, Madame Chiang routinely served as an interpreter for her husband with officials including air advisers. Through this process, she became directly involved in China’s military aviation and took part in Chiang’s consultations with Silvio Scaroni.⁴⁹² By the end of the 1936 she was Secretary General of the CoAA which had continued to expand over the years: by February 1937 CoAA personnel had reached 16,370: two thirds were unskilled workers while only 775 CAF pilots were on ‘flying duty’.⁴⁹³ The challenges of reforming the CoAA and the CAF were greater than ever and more crucial as tensions grew with Japan.

After their inspection of the air school in October 1936 the Chiangs gave Silvio Scaroni a ‘free hand’ to assess the air force’s combat-worthiness. Touring air bases around the country, he created a score-card to assess each squadron. According to US military attachés, the German adviser General von Falkenhausen received a copy of the final report which concluded that ‘the Chinese air corps is still in a state of disorganisation and is certainly in no condition to participate in hostilities even against an enemy with

⁴⁸⁹ TNA, FO/371/20967 F477/31/10 ‘Chinese Air Force’ 25 January 1937, p.264

⁴⁹⁰ TNA, FO/371/20967 F477/31/10 25/1/37, p.264; Silvio Scaroni, *Missione Militare Aeronautica in Cina* (Roma, 1970), pp.22-23

⁴⁹¹ TNA, FO/371/20967 F477/31/10 25/1/37, p.264 & NARA, RG 165 File 2078-134 Report no.8700 4/12/33, p.2

⁴⁹² Scaroni, *Missione*, pp.24-25

⁴⁹³ TNA, FO/371/22139 F1125/298/10 ‘Report on Aviation in China (Part I), for period ending 30th June 1937’ APPENDIX “E” Chinese Air Force Strength Return as at 1st February 1937, p.208

no greater plane strength.⁴⁹⁴ American officials may not have had access to Scaroni's report owing to the general ill-will between Italian and American air instructors.

W.H. Donald described to Wing Commander Harold Kerby in blunt and colourful terms a meeting between Scaroni, Madame Chiang and himself on 16 November 1936. Scaroni's opening words were 'your Air Force is rotten and as a weapon of war, it is entirely useless' were Scaroni's opening words.⁴⁹⁵ He was not prepared to take any blame for this state of affairs 'as General Chow Chih-Jou (Head of the Commission on Aeronautical Affairs) was completely incompetent and had constantly refused to cooperate in the slightest degree.'⁴⁹⁶ Madame responded that 'if every incompetent official in CHINA was removed, there would not be enough ammunition in the country to shoot them all.'⁴⁹⁷

In early December Madame took up her position as CoAA Secretary General.⁴⁹⁸ The Generalissimo also gave specific instructions to General Chow to reorganise the CoAA. All such initiatives were postponed, however, because of dramatic events in Sian in North China.⁴⁹⁹ On 12 December 1936 as Madame Chiang was holding an aviation meeting at her house in Shanghai, her brother-in-law Dr. Kung interrupted to announce that in Sian, the Young Marshal had kidnapped Chiang Kai-shek in order to pressure him into forming a united front with the Communists.⁵⁰⁰ It lies beyond the scope of this thesis to examine an incident which has been the subject of debate since its occurrence.⁵⁰¹ Virtually all contemporary accounts, however, remarked on the fact that when Chiang was released on Christmas day, he emerged a far more popular national leader than he had been weeks before.

⁴⁹⁴ NARA, RG 38 Box 96 File A-1-Q Register No. 12592 -E Folder Aeronautics in China 1937-39-40 Report no.109 'Aviation Notes' 23 March 1937

⁴⁹⁵ TNA, FO 371 20967 F477/31/10 'Chinese Air Force' 25 January 1937 : 'Confidential, Minute of Interview Wing Commander H.S. Kerby, Air Attaché with Mr. W.H.Donald 17th November 1936', p.263

⁴⁹⁶ TNA, FO/371/20967 F477/31/10 17/11/36, p.263

⁴⁹⁷ TNA, FO/371/20967 F477/31/10 17/11/36, p.263

⁴⁹⁸ Cornell University Library, James M. McHugh Papers Box 2 Folder 13 #2770 'Confidential The Chinese Air force' 6 May 1938 p.7 (CUL, McHugh)

⁴⁹⁹ TNA, FO/371/20968 F1840/31/10 'Reorganisation of Chinese Aeronautical Affairs Commission', 30 March 1937, pp.47-48

⁵⁰⁰ NYT 'Madame Chiang's own story of the Sian Rebellion Crisis' Part 1, April 16, 1937, p.1

⁵⁰¹ For a scholarly account of the Sian incident, see Wu Tien-wei, *The Sian Incident: A Pivotal Point in Modern Chinese History* (Ann Arbor, MI, 1976)

On 9 January 1937 Kerby managed to see Scaroni's 'secret' report, copied the chart and summed up 'the critical state of affairs.'⁵⁰² Kerby pointed out that 'not one Squadron in the Chinese Air Force is completely efficient for war and some seven out of twenty five are entirely inefficient while the average efficiency of all squadrons is only 17.4%...
...Salvation by Aviation would, therefore, appear little better than a pious hope at present in CHINA.'⁵⁰³ Kerby concluded that 'Madame Chiang Kai-Shek has every reason to be angry with the Officers that have allowed this condition to obtain.'⁵⁰⁴
In mid-January 1937 General Chow came under pressure to resign over his refusal to cooperate with Scaroni or his peers.

Donald brief Kerby about a crisis meeting at Shanghai in mid-January 1937. Madame Chiang emphasised that 'China must depend upon aviation to save the country and that the Air Force must be brought to a state of efficiency.'⁵⁰⁵ As Kerby reported, she expressed her concern that 'the people believed their Air Force is capable of bombing Japan. This is, however, a mistaken idea and she was very worried, as, if it were generally known, public opinion would insist that someone be held responsible.'⁵⁰⁶
Madame found relations with General Chow too serious for her to handle on her own: the Generalissimo had to come to Shanghai to consider the situation. As Malley pointed out to Kerby, some formula had to be found for Chow's resignation to be accepted without 'loss of face.'⁵⁰⁷ The Generalissimo, however, decided to retain Chow and appoint him to the Air Committee as 'senior member and Chairman.' Chiang's indulgence towards Chow was considered a sign of either intense loyalty or that Chow had some hold over him.⁵⁰⁸

In the spring of 1937 the Chiangs reorganized the CoAA and the resulting hierarchy remained in force until Madame's resignation the CoAA in March 1938.⁵⁰⁹ Although the Generalissimo was overall Commander in Chief, Harold Kerby commented that

⁵⁰² TNA, FO/371/20967 F1590/31/10 'General Scaroni's Report on Chinese Air Force' 9 January 1937, pp.314-315

⁵⁰³ TNA, FO/371/20967 F1590/31/10 9/1/37, pp.314-315

⁵⁰⁴ TNA, FO/371/20967, F1590/31/10 9/1/37, p.316

⁵⁰⁵ TNA, AIR/40/1358 General Series no. 8 (S/181/AA), 'Aeronautical Affairs Commission' 19 January 1937 by H.S. Kerby

⁵⁰⁶ TNA, AIR/40/1358 General Series no. 8(S/181/AA) 19/1/37, p.2

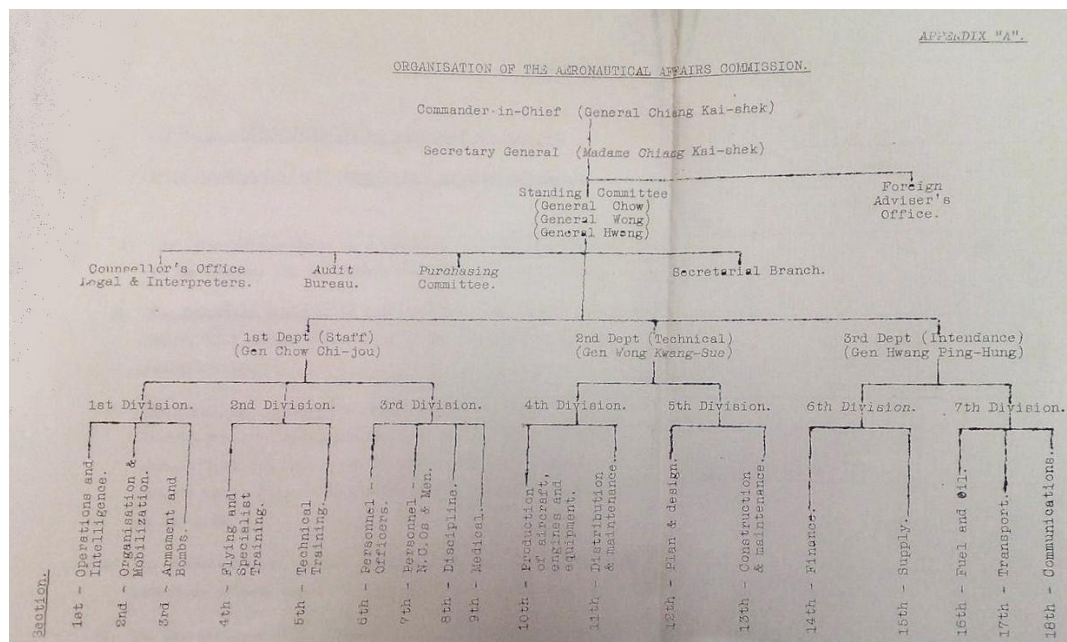
⁵⁰⁷ TNA, AIR/40/1358 General Series no. 8 (S/181/AA)19/1/37, p.2

⁵⁰⁸ CUL, McHugh Box 2 Folder 13 Report No. 7-38 'New Chinese Air Force' 7 June 1938, p.6

⁵⁰⁹ TNA, AIR/ 40/1358 General Series no. 48 (S/181/AA), 'Aeronautical Affairs Commission, 21 April 1937 & S5454/3/Air 'Aviation: China' 24 August 1937

Madame as Secretary General was ‘virtually the Commander’ with ‘full authority to handle all affairs of the Commission in the absence of the Commander in Chief. In practice, therefore, the Generalissimo seldom interferes with the decisions of the Aeronautical Affairs Commission, except at Madame’s direct request.’⁵¹⁰

Figure 1 CoAA organisation chart April 1937⁵¹¹



The CoAA organisation chart revealed the control of Generals Chow, Wong and Whang over assets and personnel but said nothing about the line of command in the event of war. In May 1937 the Chiangs further refined the relationship between the CoAA and the CAF by dividing the CAF into six regional zones. The purpose of decentralising CAF command and organisation was to compensate for the inability of the CoAA to maintain direct control over air bases which were thousands of miles from the seat of power: separate CAF headquarters were established at Nanking, Taiyuanfu, Nanchang, Canton, Sienfu and Chengdu.⁵¹² Chiang envisaged quarterly inspection of each zone and annual rotation of the commanding officers ‘to prevent them from attaining personal influence and forming private cliques in a particular locality.’⁵¹³ Chiang also

⁵¹⁰ TNA, FO/371/20968 F/1125/298/10 ‘Report on Aviation in China (part I), for period ending 30th June 1937’ 28 January 1938, pp.3-4

⁵¹¹ TNA, AIR/ 40/1358 General Series no. 48 (S/181/AA), ‘Aeronautical Affairs Commission, 21 April 1937: Appendix “A”

⁵¹² TNA, Air/40/1358 General Series no. 52 S/642/AA, ‘Organisation of Air Zones – Chinese Air Force’, 7 May 1937, pp.1-2

⁵¹³ TNA, Air/40/1358 General Series no. 52 S/642/AA, “Appendix A, General Chiang Kai-shek to General C.J. Chow” 7/5/37

desired the presence of two foreign instructors for training in each of the six zones: it was notable, that the commanding officer of each area did not necessarily have to be an aviator whereas officers in charge of training and discipline had to be pilots.⁵¹⁴

Strategy, procurement and training

At the end of January 1937 the CoAA followed Scaroni's recommendations and reduced the active squadrons from 31 to 21 in order to overcome the problem of insufficient spare parts and reserve aircraft for each unit which he had highlighted in his report.⁵¹⁵ Old bombers were weeded out and the number of bomber squadrons reduced from nine to five; pursuit squadrons, predominantly composed of Curtiss Hawks were trimmed from ten to seven. There were also two 'attack' bomber squadrons formed of Curtiss Shrikes. Officers in the CoAA or the CAF appear to have favoured Hawks which could serve the dual purpose of fighter or light bomber. The reclassification yielded a new total of 686 planes: 284 Service aircraft; 334 training or observation planes; 68 obsolete planes.⁵¹⁶

On 3 March 1937 Kerby reported that six Martin heavy bombers, ordered in 1934, had finally arrived. The original rationale for acquiring these had been to threaten bombardment of Japan, Taiwan or islands in the South China Sea.⁵¹⁷ As few airfields (perhaps Nanchang and Nanking) could accommodate these large twin engine planes, the Chinese had little immediate use for them. In March 1937 the CoAA decided that in future it would only purchase single engine bombers, the idea first raised by Art Lim of the KAF. Once existing air strips were upgraded to all weather fields, the air force would be able to acquire large bomber/transport planes.⁵¹⁸

The new procurement philosophy implied a shift in strategy from defensive tactics to be handled by pursuit squadrons towards offensive operations carried out by single engine 'attack' bombers. In their *History of the Sino-Japanese War* Hsu Long-hsuen and Chang

⁵¹⁴ TNA, Air/40/1358 General Series no. 52 S/642/AA, 7/5/37 p.3

⁵¹⁵ TNA, FO/371/20968 F1837/31/10 'Chinese Air Force' 30 March 1937, p.39

⁵¹⁶ TNA, FO/371/20968 F1837/31/10 'Chinese Air Force' 30 March 1937, p.44

⁵¹⁷ TNA, FO/371/20968 F2532/31/10 'Sale of United States aircraft to China', p.124

⁵¹⁸ TNA, FO/371/20968 F2530/31/10 3 May 1937 'Chinese Air Force: Policy regarding new types of aircraft', p.117

Ming-kai provide some explanation of how the Chinese air force planned to use its assets: because the Chinese air force was so inferior to the Japanese, by a ratio of 7:1, it would have to use stealth and surprise to achieve limited results.⁵¹⁹ As Hsu and Chang noted, these attacks in theory would be so swift or unexpected that the enemy would not have time to deflect them. Hsu and Chang appear to refer to tactics which harked back to the Sun Tzu 'when the enemy is strong, avoid it; when the enemy is angry, stir it.'⁵²⁰

After the Fukien rebellion when Chiang discovered bomber power, he had abandoned the Jouett/Soong approach to air defence which sought a balance between bombing and pursuit aviation. By 1937, the pattern of procurement revealed that Chiang and his advisers had decided to adopt a 'first strike' strategy based on stealth – surprise, night flying and flying under cover of cloud. If the strategy was to depend entirely on the deployment of fast attack bombers, Chinese aviators would require an exceptionally high level of competence to hit targets. CAF aviators, however, had received inadequate experience in target practice as western observers reported. Indeed most western forces at this time were far from competent in precision bombing. Carpet or indiscriminate bombing was the main manoeuvre of which Chinese pilots were capable in 1936-1937.

Even if the emphasis was entirely on attack, there were not enough pilots with adequate experience to fly attack bombers. At the end of February 1937 the Chiangs acknowledged that the CAF was inadequately trained but seemed unable to decide whether to hire more Italian or American instructors.⁵²¹ In considering the options, Madame Chiang wanted clarification about the Italian government's attitude towards China in the event of war with Japan. Scaroni cabled directly to Rome and received the reply, 'Italy was one hundred % free to do as she wished in such an eventuality.'⁵²² This brusque response discouraged the Chiangs from increasing their reliance on the Italian mission. Madame Chiang finally yielded to appeals from one of the remaining Jouett instructors, Roy Holbrook who had urged her to hire eight more instructors as soon as

⁵¹⁹ Hsu Long-hsuen and Chang Ming-kai, *History of the Sino-Japanese War (1937-1945)* (Taipei, 1971), p.266

⁵²⁰ Liu, *Military History*, p.282

⁵²¹ TNA, FO/371/20968 F2524/31/10 'Italian attitude in the event of a Sino-Japanese War' 3 May 1937, p.68

⁵²² TNA, FO/371/20968 F2524/31/10 3/5/37, p.68

possible for the Hangchow school.⁵²³ Only one new adviser arrived at the very end of May 1937, the recently retired US Army Air corps pilot, Captain Claire Chennault (AR).⁵²⁴

Chennault had corresponded for several months with Roy Holbrook, an original member of the Jouett Mission who also had hired Billy MacDonald and Luke Williamson, Chennault's colleagues in the USAAC aero-acrobatic group, 'Three Men on a Flying Trapeze.' They had arrived in August 1936 to take up appointments at Hangchow.⁵²⁵ By his own account, Chennault had come to the end of the line with the USAAC where as a specialist in pursuit tactics, he had grown weary of the doctrinal battle 'between the bomber radicals and the handful of fighter advocates.'⁵²⁶ In his memoir, *Way of a Fighter* Chennault described Holbrook's offer to conduct a three month tour of the CAF at US\$1000 a month plus expenses, considerably less than the fees paid to Jouett in 1932-1935.⁵²⁷ This assignment came under the new plan for inspecting the six air zones which Chiang had instructed Chow to organize.⁵²⁸ In June Chennault and Billy MacDonald embarked on the first inspection for Madame Chiang starting with zone 1 at Nanking: he promised a full report in three months.⁵²⁹

It was never clear exactly how the CAF reorganisation might work in the event of war but certain inferences can be made about the chain of command. First there was no senior commanding officer in overall charge of the CAF immediately beneath the Chiangs: instead there were six regional generals subject to the orders of the Generalissimo or in his absence, Madame. Second the line of command for operations was not defined: it was implicit that the Chiangs issued all orders but unclear what authority a commanding officer in one of the zones might assume during an emergency. If he took initiative without direct instructions from the Chiangs for defending his zone or attacking enemy positions, he might be at risk of court-martial for insubordination. Third, the Chiangs

⁵²³ TNA, FO/371/20968 F2526/31/10, 3 May 1937, 'American instructors for Chinese Air Force', p.75

⁵²⁴ Chennault, *Memoirs*, p.31; Byrd, *Chennault*, p.65

⁵²⁵ NARA, RG 38 Box 147 File A-1-u Register no.21750 Folder Foreign Aviators in China 1935-38 American Air Mission Report no. 19 August 1936: the mechanics were Sebie B Smith, Ralfe M Watson and John M Holland; the instructors Stirling S Tatum, William C MacDonald, John H 'Luke' Williamson.

⁵²⁶ Chennault, *Memoirs*, p.26

⁵²⁷ Chennault, *Memoirs*, p.31

⁵²⁸ TNA, AIR/40/1358 General Series no. 52 S/642/AA, 7/5/37 Appendix "A"

⁵²⁹ Chennault, *Memoirs*, p35

had no expertise in air strategy and operations: neither ever piloted a plane themselves. The only operations which Chiang had authorised were those in 1933-1935 against the Communists who had no air force or anti-air artillery: actions ordered against Canton in 1936 had been cancelled because of the KAF defection. Nonetheless the Chiangs had no confidence in their air force commanders. Hence Chiang and Madame were more likely to consult a foreign air adviser or one of Chiang's trusted field Army Generals when planning operations than to rely on one of their Chinese officers who might realise the extent of their ignorance in aviation affairs. When war came, they consequently turned to Claire Chennault even though he had been in the country for only three months.

Conclusions

From 1934 onwards, the China Yearbooks published by the *North China Daily News and Herald* contained a section on military aviation which explained that during the Shanghai War of 1932 the employment of bombing by the Japanese and 'the obvious inferiority of the Chinese forces in this type of weapon' gave a major impetus to developing military aviation in China.⁵³⁰ As this chapter has suggested, the Chinese and their foreign partners in aviation had different ideas of what that impetus should be, who should administer it and to what end.

During the Shanghai war, the Nanking Air Bureau may have been numerically inferior to the Japanese air force but it behaved with exemplary prudence: by avoiding flight over the city or attempts to bomb Japanese targets, it did not add to the damage inflicted by the Japanese on the people and industry of Shanghai. Furthermore, as western observers noted, China's air bureaus had never launched operations against a foreign enemy: their experience came through civil war when they bombed civilians or military forces which had no means of firing back. The unopposed air attack was typical of Chinese air strategy in the 1920s and early 1930s. It remained a central feature of Chiang's approach to airpower in the Fukien rebellion and the opening phase of the Sino-Japanese war in August-September 1937. Unopposed attacks on dissidents and political opponents was a woefully inadequate training for combat against an invading force.

⁵³⁰ *The China Year Book 1934* ed. H.G. W. Woodhead (Shanghai, 1935), p.639

In the Shanghai War, westerners not only witnessed the brutality of the Japanese but also the non-performance of the central government's air bureau. What in the past might have been considered sound strategy – to avoid an enemy when he is strong – now looked like cowardice. The death of the American pilot, Robert Short caused a sensation. While Chinese troops had proved their worth on the ground, there had been no heroes in the air, apart from Robert Short. The Nanking Air Bureau lost face which was an embarrassment for Chiang as head of the Military Council.

The Nanking Air Bureau's image was not the only consideration. It was inevitable that China would have another war with Japan: as matters stood, the army alone would have to bear the brunt of resistance because the country had neither an adequate Navy nor an adequate air force. The lesson of the Shanghai War was that the enemy would arrive by sea as well as land. Airpower had to be developed for its own sake but also to compensate for the lack of naval power.

Finance Minister T.V. Soong rather than Chiang initially took charge of efforts to improve the Nanking Air Bureau. After the defection of the 'Chinese Lindbergh' Chang Wai-jung, Chiang became wary of the air force. The defection had been an object lesson that a weapon as flexible and mobile as an airplane could not be entrusted to any but the most loyal officers. Secondly there could be no air force improvement without funds. Only T.V. Soong had the talent and prestige to manage the central government's budget and fragile creditworthiness.

At first there was mutual self-interest between Soong and his foreign partners in organising aviation projects: the Italians and Americans were eager to sell planes and Soong was ready to buy them. Procurement of large powerful planes was the most straightforward aspect of building the air force and thus the element which China's leaders could most readily grasp. While Soong focussed on funding, he delegated to others the development of a training programme and recommendations about air force reform. No one with authority over China's air affairs had any direct experience of aviation. No-one had considered how to deal with two foreign missions simultaneously -- it had been hard enough to accommodate one mission given the Air Bureau's resentment. Furthermore Jouett had already indicated that he could not work with the

Italians. The competition between the American and Italian mission was bound to lead to duplication of effort and waste of money.

Soong's American admirers made the mistake of regarding him as more important to their interests than Chiang. Thus Jouett failed to develop a rapport with Chiang in stark contrast to Roberto Lordi. This can be explained possibly by the incompatibility of the American military mind set and the 'Whampoa Mind'.⁵³¹ Chiang and the old guard of the Chinese military were imbued with values which stressed above all else the willingness to fight but, as F.F. Liu has observed, they 'looked with an air of ill-concealed contempt on the teaching staffs of the military schools, calling them *lo-wu fen-tzu* (the backward elements)'.⁵³² Roberto Lordi was willing to fight while John Jouett was willing to fulfil his contract. Chiang either did not appreciate the importance of a competent administrator and teacher such as Jouett or he did not want to have an adviser who was dedicated to bringing discipline and structure to Chinese air force training. Too strong and independent an air force under foreign influence was not necessarily in Chiang's interest.

Airplanes also had propaganda value as George Westervelt pointed out to Soong. The focal point of all the fundraising campaigns in 1932-1933 was the new C-W Hawk acquired from Bill Pawley. This sturdy biplane became the physical manifestation of the nation's 'air mindedness' about national defence. It also became the backbone of Intercontinent's sales and manufacturing activities in China up to the outbreak of war with Japan in 1937. Aircraft sales to Chiang's regime in the Nanking decade made Bill Pawley's fortune. He was listed among the Highest Salaries Paid in 1936 published by the *New York Times*: at US\$156,087, Pawley had earned somewhat more than the President of Coca Cola: the largest salary declared that year was \$561,311 for Alfred Sloan, the head of General Motors.⁵³³

Every other aspect of transforming an air bureau into an air force involved difficult reforms. The air force faced the same challenges as the army and society at large where

⁵³¹ Liu, *Military History*, pp.58-59

⁵³² Liu, *Military History*, p.58

⁵³³ *NYT* 'Highest Salaries Paid in Nation in 1936 are listed by House Committee' January 9, 1938, p.44

modernisation was concerned. In the space of only five years the ranks of the Nanking air bureau had grown to thousands of untrained personnel, ill equipped for modern warfare. It became a safe haven for senior officers who themselves were not trained aviators and were not interested in having their organisation upgraded into a national defence force. They had the support of the Generalissimo who wanted the air force to eliminate his internal enemies before deploying it against Japan. Bombing the Communists, however, with impunity hardly constituted a preparation for modern warfare with Japan. The success of operations for 'pacification' lulled Chiang into a false sense of security that he had an effective air force.

The most original aspect of Chiang's fascination with airpower -- possibly inspired by Lordi -- was his decision to acquire long- range Northrop bombers from Intercontinent in December 1933. Because the Northrop bombers could in principle attack Taiwan from South China, Chiang saw in this *capability* a deterrent to Japan. Chiang was not the only politician to believe that the possession of bombers could keep the enemy at bay. Roosevelt adopted a similar notion about using large airplane fleets to deter Nazi Germany: Roosevelt believed that Hitler would not attack his European neighbours as long as they had large air fleets with which to threaten retaliation.⁵³⁴

In 1934, Chiang's acquisition of long range bombers had the desired effect of posing a threat to Japan if it made a military move in South China. It was also a way of demonstrating some limited resistance of Japan to those who accused him of appeasement. Of all the activities in aviation which Chiang undertook in this period, the procurement of the Northrop bombers was probably the only initiative which the Japanese took seriously. Hence they issued a warning to the United States through the Amau Statement about American military assistance to China. Chiang did not foresee that the US government for the first time would adopt an explicit policy of not helping China in order to appease Japan. This was a setback which undermined the efforts of Chiang's regime to secure financial and material assistance in the United States over the next four years.

⁵³⁴ Robert Dallek *Franklin D. Roosevelt and American Foreign Policy, 1932-1945* (New York, 1979&1995), pp.186-187

In 1936-1937 Chiang's regime further developed the propaganda potential of the air force through a nationwide campaign for National Salvation through Aviation associated with the Generalissimo's Fiftieth Birthday. By the spring of 1937, however, the gap between appearance and reality was painfully evident to the Chiangs. In many respects the air force was still an air bureau. It had been expanded, divided and distributed around the country but it remained incapable of coalescing to mount any concerted action against Japan.

Chapter III: *Bloody Saturday*

On Sunday 15 August 1937 the *North China Herald* reported the accidental bombing of Shanghai by Chinese pilots : instead of hitting the battleship *the Idzumo* they overshot and released missiles in the city centre, killing at least 600 people and wounding another 1000. The editor urged all authorities ‘to avert a further extension of this wicked ... wanton crime against civilization’.⁵³⁵ A week later, however, on Tuesday 24 August another Chinese plane, flying at high altitude, dropped two 1,000 lb bombs killing 170 in or near large department stores in Nanking Road.⁵³⁶ Chinese diplomats blamed the first bombings on damaged bombed shackles and denied that the second incident was caused by a Chinese plane: they ‘regretted the loss of civilian lives ‘sacrificed in China’s defence for democracy against “insatiable Japanese militarism”’.⁵³⁷

This chapter examines the role of airpower and American air assistance in the Shanghai offensive during August, 1937. It suggests that the Chiangs and their air adviser Claire Chennault were entirely responsible for ‘Bloody Saturday’ and subsequent damage to Sino-American relations in 1937-1938. Chennault recommended operations which were beyond the capability of the best trained western air force at that time: precision bombing of enemy targets near a civilian population which, in principle, the armed forces were meant to protect.

In the summer of 1937, the Chiangs brought the war to Shanghai in the hope of reproducing the ‘miracle’ performed in the 1932 Shanghai war when the army’s resistance inspired the world’s admiration for China and condemnation of Japan. The Shanghai offensive, however, backfired in every sense: the military strategy was wrong, the tactics ill conceived and the propaganda effect disastrous. The battle of Shanghai was all the more tragic for being unnecessary: the danger lay elsewhere at the coast where Japanese reinforcements landed and began to penetrate the Yangtze River valley while Chiang committed his best troops and air force to a fruitless struggle to drive a

⁵³⁵ *NCH* ‘Shanghai’s Sorrow’ 15 August 1937, p.273

⁵³⁶ *NCH* ‘170 Dead in Nanking Road Explosion’ 25 August 1937, p.316

⁵³⁷ *NCH* ‘Bombing Tragedy Deplored’ 25 August 1937, p.294; *FRUS*, 1937 Vol. IV ‘The Ambassador in China (Johnson) to the Secretary of State’ Nanking, 31 August 1937, p.298

smaller group of Japanese marines and guards from the Northern sector of the International Settlement.

In *Way of a Fighter*, Claire Chennault described how the air force became involved in the Shanghai offensive and his part in its operations, including 'Bloody Saturday'. As his biographer Martha Byrd and other reviewers pointed out at the time of publication, Chennault's memoir was so riddled with anomalies that its reliability has been called into question.⁵³⁸ Nonetheless if his recollections are put in context and compared with other contemporary accounts, it is possible to treat *Way of a Fighter* as historical evidence about his contribution to China's military aviation during and after the Shanghai offensive. His influence in August 1937 was wholly negative, in 1937-1938 he disassociated himself from an International Volunteer squadron organized on the orders of Madame Chiang. In 1938-1940, his impact on flight instruction was neutral: in October, 1940 he admitted that the CAF was wholly useless for war operations. That same month Chennault joined T.V. Soong in Washington to lobby the US government for massive air assistance which Roosevelt had no intention of ever providing.

The military setting

After the incident at the Marco Polo Bridge near Peking on 7 July 1937, foreign observers such as the Dutch intelligence officer Henri J.D. de Fremery were baffled that the Nationalists could not block the enemy's advance.⁵³⁹ China had a standing army of at least 1.7 million troops – eight times the size of the Japanese Imperial army (247,000 at the start of the war).⁵⁴⁰ Manpower alone, however, could not make up for the Chinese deficit in equipment and training, nor could the immense army compensate for an under equipped navy and poorly trained air force.

The Chinese Navy consisted of eight small cruisers, forty gunboats and four torpedo boats whereas the Japanese Navy had three fleets: the third fleet alone, responsible for

⁵³⁸ Byrd, *Chennault*, p.55; NYT Book Review Section, Annalee Jacoby 'Fighting Man, Fighting Words' January 30, 1949, p.1

⁵³⁹ Henri Johan Diederick de Fremery, *A Dutch Spy in China, Reports on the First Phase of the Sino-Japanese War (1937-1939)* edited by Ger Teitler & Kurt W. Radtke (Leiden, 1999), p.99

⁵⁴⁰ For the Chinese army estimate van de Ven, 'New States of War', p.361; for the Japanese Army estimate, Edward J. Drea, 'The Japanese Army on the eve of War' in Peattie *Battle for China*, p.145

China, had four light cruisers, thirteen frigates and twelve gunboats.⁵⁴¹ The First and Second Fleets together had five battleships and three aircraft carriers.⁵⁴² Because of limited funds, Chiang decided to develop the air force instead of the navy believing that airpower offered greater flexibility for internal 'pacification' as well as coastal defence against an external enemy. Although the regime made some strides in military aviation, the Chinese were still at a severe disadvantage compared to the Japanese whose combined forces in the summer of 1937 were estimated to outnumber the CAF by 4:1. Japan had 1,220 aircraft (620 Army with 25 % reserves, 600 Navy), the CAF only 220 war planes with 30 % reserves 'of doubtful value' according to estimates reported by Brigadier Anderson of the British War Office: he concluded that 'the Japanese are in a position to secure air superiority over the Chinese in a very short space of time.'⁵⁴³

After the Shanghai war, the ceasefire agreement prevented the Chinese army from entering the city but permitted a police force – the Peace Preservation Corps (PPC) to provide security. The PPC was initially limited to 2,000 lightly armed patrolmen but by June 1937 it had swollen to 6,000 guards equipped to a military standard.⁵⁴⁴ The same ceasefire terms reconfirmed the right of Japan to maintain the Naval Landing Party (marines) and other military personnel for the garrison in the International Settlement to the north of Suchow Creek where most of the Japanese community was based.⁵⁴⁵ After the Marco Polo Bridge incident, the Japanese Naval Landing Party was increased from 2,700 to at least 3,200 marines.⁵⁴⁶ On 12 August another 1,000 -1,400 marines disembarked from cruisers of the China (Third) Fleet.⁵⁴⁷ Thus there were nearly 5,000 Japanese marines in or near the northern sector of the International Settlement in mid-August 1937 compared to 6,000 members of the Chinese PPC.

⁵⁴¹ Hattori Satoshi with Edward Drea, 'Japanese operations from July to December 1937' in Peattie, *Battle for China*, p.160

⁵⁴² Satoshi & Drea, 'Japanese operations' in Peattie, *Battle for China*, p.160

⁵⁴³ TNA, FO/371/20953 F5207/9/10 'Sino-Japanese dispute: Military situation in North China', 12 August 1937, p.94

⁵⁴⁴ Borg, *Far Eastern Crisis*, p.301

⁵⁴⁵ *FRUS*, Japan 1931-1941 Vol. I 'Agreement Concerning the Definitive Cessation of Hostilities at Shanghai, Concluded on May 5, 1932 Article IV', p.217

⁵⁴⁶ LOC, Morton L. Deyo Papers, Captain W.A. Angwin, MC., USN 'A narrative of events relevant to the Flag US Asiatic Fleet occurring in the first six months of the Sino-Japanese conflict including an account of the sinking of USS Panay, Compiled from documents and other official sources', p.19: the additional troops arrived by 23 July 1937.

⁵⁴⁷ De Fremery, *Dutch Spy*, p.91 & op.cit fn. 5; LOC Angwin 'Sino-Japanese Conflict', p.20

For years, Chiang had feared that because of its military inferiority China would lose a war with Japan. Therefore when war came, it would require total sacrifice on the part of the army and the Chinese people.⁵⁴⁸ Nevertheless in the interlude between the Shanghai War of 1932 and the Marco Polo Incident of 1937 the Nationalists found ways of defying Japan without committing the country to total war. Chiang's German military adviser, the retired army officer Alexander von Falkenhausen advised Chiang, whenever possible, to show genuine resistance to Japan.⁵⁴⁹ Even if these confrontations were brief and confined to specific locations, von Falkenhausen believed that small victories would inspire Japan's respect for China. One might call this concept 'opportunistic' resistance for it allowed Chiang to choose occasions which offered some prospect for success. It was also in keeping with traditional Chinese strategy as expressed by Sun Tzu in *the Art of War* – to attack the enemy when it was at a disadvantage..⁵⁵⁰

Also to be factored into war planning was Chiang's longstanding belief that the area which was vital to China's survival was south of the Yangtze River, not in North China. In 1934 Chiang told von Falkenhausen's predecessor, General von Seeckt that as he had neither personal nor political control north of the Yellow River, he was not confident of holding it against the enemy.⁵⁵¹ Furthermore he was disparaging of the Northern Chinese who took no interest in politics and 'northern soldiers were worthless.'⁵⁵² Until he could build up an army to handle both north and south, he would give priority to defending the region south of the Yangtze, the economic hub of the country and his political base.⁵⁵³

When the Japanese occupied both Peking and Tientsin at the end of July 1937 there were violent protests and appeals to the Generalissimo to drive the enemy out of the country. Chiang wrote in his diary that war was inevitable and as leader of the nation,

⁵⁴⁸ Chang Jui-te 'the Nationalist Army on the eve of war' in Peattie *Battle for China* p.87; Ch'i, *Nationalist China at War*, p.47

⁵⁴⁹ Donald Sutton, 'German Advice and Residual Warlordism in the Nanking Decade: Influences on Nationalist Military Training and Strategy' *The China Quarterly*, No.91 (Sep.,1982), pp.386-410

⁵⁵⁰ Sun Tzu, *The Art of War*, Chapter VI, 'Weak Points and Strong'

⁵⁵¹ Sutton, 'German Advice', p.400

⁵⁵² Sutton, 'German Advice', p.400

⁵⁵³ *Military Defeats and Political Collapse 1937-1945* (Ann Arbor, MI, 1982),p.46

he must do nothing to make the Chinese people ashamed of him.⁵⁵⁴ He faced the dilemma of trying to maintain his political hold on the country when his armed forces seemed destined to defeat. On 30 July the commander of the Nanjing-Shanghai garrison, General Chang Chih-Jung (Zhang Zhizhong) proposed a possible solution: if the situation at Shanghai deteriorated, they should launch a pre-emptive strike on the 5,000 strong Japanese 'defence force' based in the north sector of Shanghai: Chinese troops would outnumber them and have strong prospects for defeating them.⁵⁵⁵ General Chang had commanded the German trained 87th and 88th Divisions of the Fifth Army during the 1932 Shanghai war.⁵⁵⁶ Success at Shanghai in 1932 convinced him that the Chinese could maintain an advantage over the Japanese by fighting the enemy in a city rather than in open field operations.⁵⁵⁷ The Generalissimo concurred and is alleged to have said, 'we must make the first strike against our enemy but you must await orders on the timing.'⁵⁵⁸

On 1 August the diplomatic corps in Nanking learned that Chiang planned to send troops north to a new frontline just south of Peking.⁵⁵⁹ By 7 August some 130,000 Chinese troops had reached the new frontline where General von Falkenhausen was also based.⁵⁶⁰ This announcement was a diversion: Chiang was following General Chang's advice and preparing to send his best troops to attack the Japanese defence force in the Northern Settlement of Shanghai.

As De Fremery pointed out in his intelligence reports, the attack on the Japanese defence force in the Northern Settlement had political and psychological value: 'the Chinese people wanted to see action, wanted to hear the battle.'⁵⁶¹ Their military leaders became convinced that they could rid Shanghai of the small Japanese defence

⁵⁵⁴ Chiang's diary entry for 27 July 1937 quoted by Yang Tian-shi 'Chiang Kai-shek and the Battles of Shanghai and Nanjing', in Peattie, *Battle for China*, p.145

⁵⁵⁵ Yang, 'Chiang Kai-shek' in Peattie, *Battle for China*, p.146; Sutton 'German advice', p.402
⁵⁵⁶ Jordan, *Shanghai War*, p.57

⁵⁵⁷ Ch'i, *Nationalist China at War*, p.46

⁵⁵⁸ Yang, 'Chiang Kai-shek' in Peattie *Battle for China*, p.146

⁵⁵⁹ *FRUS*, 1937 Vol. III 'The Ambassador in China (Johnson) to the Secretary of State' Nanking 1 August 1937, p.311; the line stretched from Baoding to Cangzhou are in Hebei province south of Beijing

⁵⁶⁰ *FRUS*, 1937 Vol. III 'the Ambassador in China (Johnson) to the Secretary of State' Nanking, 7 August 1937, p.352

⁵⁶¹ De Fremery, *Dutch Spy*, p.92&100

force and demonstrate resistance to both the enemy and the Chinese people.⁵⁶² De Fremery surmised that ‘the commander at Shanghai would have never been forgiven had he made no attempt to do this.’⁵⁶³ Nonetheless in his view, the Shanghai offensive distracted from the overarching strategic task of keeping Japanese reinforcements from arriving along the coast near Shanghai.⁵⁶⁴ ‘If it is true,’ De Fremery continued, ‘that of the 7 Chinese divisions present on 23rd August four fought against the Japanese occupation of the Settlement, it seems to me that the Commander-in-chief had neglected his main task or perhaps had underestimated it.’⁵⁶⁵ In focussing on a minor but possibly winnable offensive against the Japanese in North Shanghai, Chiang and his generals made no provision for the major task of defending the coast from Japanese invasion.

General Chang’s idea of a pre-emptive strike had to be done quickly or not at all. Japanese reinforcements were already on the way. By 11 August Japanese naval and merchant marine troop transports were beginning to reach the outer banks of the Whangpoo River: the US consul at Shanghai Clarence Gauss reported that four light cruisers arrived and were landing reinforcements; six Japanese destroyers were in the river and six more were further out near the Woosung fortifications.⁵⁶⁶ Chiang learned of their presence at the same time as everyone else. Since the Chinese lacked a proper navy, they could not mount an effective blockade: they created a barricade in the river close to the city by sinking junks and steamers ‘from the boundary between the French Concession and Nantao to Pootung.’⁵⁶⁷ Land forces had to shoulder the burden of protecting the coast line while Chiang’s best troops were reserved for the attack on the Japanese garrison in the North sector of the International Settlement at Shanghai. On 11 August the Generalissimo ordered Chang to send the 87th and 88th divisions to positions at the Woosung fort and elsewhere around Shanghai.⁵⁶⁸ In the meantime, the Japanese defence force stayed inside the North sector of the Settlement where they built up a

⁵⁶² Sutton, ‘German Advice’ p.402; Yang, ‘Chiang Kai-shek’ *Battle for China*, p.151

⁵⁶³ De Fremery, *Dutch Spy*, p.99

⁵⁶⁴ De Fremery, *Dutch Spy*, pp.99-100

⁵⁶⁵ De Fremery, *Dutch Spy*, pp.99-100

⁵⁶⁶ *FRUS*, 1937 Vol. III ‘The Consul General at Shanghai (Gauss) to the Secretary of State’ Shanghai, 11 August 1937, p.375

⁵⁶⁷ North China Daily News, *Four Months of War* (Shanghai, 1938), p.5

⁵⁶⁸ Yang ‘Chiang Kai-shek’ in Peattie, *The Battle for China*, p. 146 ; de Fremery *Dutch Spy* pp.91-92

barricade of sandbags running east-west for 12 kilometres across the settlement to guard against attack from the north: they did not break out from the Settlement until 23 August when reinforcements finally arrived.⁵⁶⁹

The evacuation

There were at least 50,000 foreigners in Shanghai including 9000 British residents and an estimated 10,000 Americans. The Japanese, however, were the largest national group.⁵⁷⁰ Some 25,000-30,000 lived in or near 'Little Tokyo' the area around Hongkew in the north sector of the International Settlement which was the centre of Shanghai's trade and industry: along the north side of Suchow creek were Japanese warehouses and mills where thousands of Chinese workers were employed.⁵⁷¹ The other great powers were also present in North Shanghai. Just over the Garden Bridge and to the east were the consulates of Germany, the USSR and the US immediately next to the Japanese consulate: a hundred metres from the Japanese consulate was the flagship *Idzumo* anchored in front of the Nippon Yusen Kaisha (NYK) Wharf (Figure 2 below). All foreign diplomats, but especially the Americans would be at risk if the Chinese decided to target the Japanese consulate or the *Idzumo*.

From 7 August onwards, the diplomatic corps appealed to the Chinese government to avoid any military engagement at Shanghai and to the Japanese that their defence force would not engage Chinese forces within the International Settlement.⁵⁷² At this point the Japanese made an effort to negotiate a withdrawal of their naval forces if the Chinese pulled back their troops.⁵⁷³ Officially, Chiang continued to prepare for a confrontation in North China, but at Shanghai the Chinese and the foreign community knew better and prepared to leave.

⁵⁶⁹ De Fremery, *Dutch Spy*, p.97

⁵⁷⁰ For the foreign and British estimate see Lowe, *Britain and Pacific War*, p.20

⁵⁷¹ Jordan, *Shanghai War*, p.7

⁵⁷² *FRUS*, 1937 Vol. III 'the Ambassador in China (Johnson), to the Secretary of State' Nanking 8 August 1937, p.357

⁵⁷³ Ch'i *Nationalist China at War*, p.41

On 1 August the Japanese began a compulsory evacuation of its citizens from the treaty ports along the coast and the Yangtze River.⁵⁷⁴ Foreign concessions were cleared and consulates closed: Wuhu (6 August), Hankow (7 August) and Nanking (8 August).⁵⁷⁵ Nonetheless when hostilities broke out on 13 August the Japanese population had yet to be fully evacuated from 'Little Tokyo'.⁵⁷⁶ By 21 August however, 15,000 Japanese had been repatriated and the rest left sometime thereafter.⁵⁷⁷ As residents left the sector, the North part of the settlement was set to become a theatre of war.

On 7 August the Chinese began to pour out of the North Settlement; an estimated 50,000 left that day but they had nowhere else to go than over the Garden Bridge to the foreign concessions south of Suchow Creek.⁵⁷⁸ Some facilities were set up for refugees most notably in the Great World Entertainment Center in the French Concession. On 9 August a confrontation between Japanese and Chinese soldiers at the Hungjiao airport led to deaths on both sides and fuelled panic about a war.⁵⁷⁹ On 12 August the situation at Shanghai became 'acute and dangerous' when the 87th and 88th divisions arrived, taking up positions in Chapei, the Chinese working class area next to Japanese dominated Hongkew on the north side of Suchow Creek. As the threat of hostilities intensified, the Mayor of Shanghai moved his administration out of the Shanghai Civic Center, the vast new complex in Kiangwan, well to the north of the city beyond the boundary of the North Settlement.⁵⁸⁰ The Civic Center, designed by the American architect Henry K Murphy and built in the early 1930s was a symbol of the Nationalists' modernisation project and a hub of the Chiangs' *New Life Movement*.⁵⁸¹

⁵⁷⁴ LOC, Angwin, 'Sino-Japanese Conflict', p.20

⁵⁷⁵ NCDN, *Four Months of War*, p. 5 : De Fremery, *Dutch Spy*, p.91; FRUS, 1937 Vol. III 'The Ambassador in China (Johnson) to the Secretary of State' Nanking, 1 August 1937, p.311 & 'The Ambassador in Japan (Grew) to the Secretary of State' Tokyo, 11 August 1937, p.373

⁵⁷⁶ FRUS, 1937 Vol. III 'the Ambassador in Japan (Grew), to the Secretary of State' Tokyo 13 August 1937, p.396

⁵⁷⁷ De Fremery, *Dutch Spy*, p.91

⁵⁷⁸ LOC, Angwin, 'Sino-Japanese Conflict', p.20

⁵⁷⁹ NCDN *Four Months of War*, p.5

⁵⁸⁰ FRUS, 1937 Vol. III 'The Consul General (Gauss) to the Secretary of State Shanghai 12 August 1937', p.380

⁵⁸¹ FRUS, 1937 Vol. III 'Gauss to the Secretary of State 12/8/37, p.380; Rhoades Farmer, *Shanghai Harvest, A Diary of three years in the China War* (London, 1945), p.71; for the Civic Center's association with the New Life Movement see, Wakeman, *Policing Shanghai*, p.233

Local diplomats lost confidence in Chinese assurances that Shanghai would be preserved from war: their best hope was that the area south of Suchow Creek would remain off limits and that the belligerents would 'localise any clash in the northern area of the settlement as in 1932.'⁵⁸² On 12 August the KMT secretly declared that a state of war existed.⁵⁸³ The stage was set for the Shanghai offensive.

The CAF at Shanghai

The Shanghai war of 1932 provided the point of departure for planning the Shanghai offensive. In 1932 the Nanking air bureau had been so cautious about using airplanes at Shanghai that its commanders were criticized for their mediocre performance. Five years later, however, the Chiangs had become airpower converts. At some point in the first two weeks of August they decided to use the CAF at Shanghai.⁵⁸⁴ As a US naval intelligence officer noted, 'in contrast with the fighting which took place in 1932 when the Chinese Government had no effective air force, on August 14th the Chinese began to launch bombing attacks on Japanese vessels in the Whangpoa'.⁵⁸⁵

The air force had no essential role to play in a ground offensive conducted by Chiang's best Chinese troops against the Japanese marines in the North sector of the Settlement. Squadrons could have been put to better effect if they had been restricted to coastal observation and attacks on Japanese shipping: missiles which missed their target would have fallen into the sea. Chiang and his generals, however, had another purpose in mind for the air force at Shanghai.

Hsu Long-hsuen and Chang Ming-kai in their *History of the Sino-Japanese War* emphasised that because of the CAF's inferiority, 'air operations during the first phase aimed, in principle, at attacking enemy air bases by surprise, bombing enemy ships and assuming the air defence of major cities.'⁵⁸⁶ Hence the air force had a part to play in offensive as well as defensive operations, particularly when the Chinese perceived that

⁵⁸² LOC Angwin, 'Sino-Japanese Conflict', p.22

⁵⁸³ Yang 'Chiang Kai-shek' in Peattie, *Battle for China*, p.147

⁵⁸⁴ Yang Tianshi, 'Chiang Kai-shek' in Peattie *The Battle for China*, p.145

⁵⁸⁵ NARA, RG 38 Box 440 file C-9-d Reg. No. 21902-D Report no. 289 'Resumé of the Political and Military Situation in China – August 14-31, 1937', p.14

⁵⁸⁶ Hsu & Chang, *Sino-Japanese War*, p.266

Japanese positions were at a disadvantage and could be attacked before there was time for retaliation. Although in overall terms, the CAF was inferior to Japanese air forces, there were a number of courageous and relatively competent pilots capable of carrying out surprise attacks.⁵⁸⁷ Several also proved their worth in defending airbases at Nanking and Hangchow in August 1937.⁵⁸⁸

At first, air units were ordered to North China to attack the Japanese at Tientsin while others were stationed for reconnaissance and security near Shanghai.⁵⁸⁹ On 6 August Madame Chiang informed Wing Commander Kerby that the air force would not be used until troops were ready to advance from positions as planned on the recommendation of Chiang's German advisers.⁵⁹⁰ She added, however, that if the Japanese Navy started an airborne attack, the CAF would retaliate against its carriers. At this time, Madame was Secretary General of the CoAA –theoretically the equivalent of the British air ministry: foreign diplomats and businessmen regarded Madame Chiang as in control of Chinese aviation.⁵⁹¹ As the vice president of Intercontinent Bruce Leighton wrote in September 1937 'never forget that Madame is not merely supervising the activities of the Commission. She is the Commission.'⁵⁹² The CAF did not have an independent commander with the authority to plan operations: orders came exclusively from either the Generalissimo or Madame.

According to his memoir, Chennault attended a meeting with General Mow and the Chiangs on 10 August: the Generalissimo exploded with rage on learning that there were only 91 'first line planes ready to fight.'⁵⁹³ With Madame's consent, Chennault described conditions as he had found them during his inspection tour until Madame signalled that he had said enough.⁵⁹⁴ While there is no complete record of this

⁵⁸⁷ Chennault, *Memoirs* p.40

⁵⁸⁸ Mark Peattie *Sunburst: the Rise of Japanese Naval Air Power 1909-1941* (Annapolis Md, 2001), p.106

⁵⁸⁹ Hsu & Chang, *Sino-Japanese War*, p.40

⁵⁹⁰ TNA, FO/371/20960 F10337/9/10 'Minute of Air Attaché's Conversation with Madame Chiang Kai-shek at Nanking', 4 August 1937, p.27

⁵⁹¹ See FRUS, 1937 Vol.IV 'the Ambassador in China (Johnson), to the Secretary of State Nanking September 1, 1937 p.523

⁵⁹² Bruce Gardner Leighton Archive (author's possession), [BGLA,] Folder China Miscellaneous Correspondence Bruce Leighton to Bill Pawley 20 September 1937 p.4

⁵⁹³ Byrd, *Chennault*, p.73-74; Chennault, *Memoirs* p.41

⁵⁹⁴ Chennault, *Memoirs* p.41

conversation, his biographer Martha Byrd had access to Chennault's diary in this period which revealed his dismay at the state of air force. He wrote that facilities were so poor as to be 'worthless in war' and that the air force was not ready for war: at Nanchang he commented, 'Chinese fighter pilots supposedly ready for combat spun in and killed themselves flying basic trainers.'⁵⁹⁵ For this poor state of preparedness, Chennault blamed the Italian air mission which 'had all but wrecked the air force.'⁵⁹⁶ This condemnation was not entirely fair: six months before, Silvio Scaroni had been just as scathing about the air force and recommended important reforms to the Chiangs.⁵⁹⁷ The Chiangs had only themselves to blame for the dismal state of the air force. In the 50th Birthday celebrations, they glorified the CAF as a symbol of *National Salvation through Aviation* but never tackled the changes to organisation and training required to ensure its most basic operations. Now that China was at war, the Chinese people discovered that the air force which was supposed to save the nation from Japan was more likely to wreak havoc upon them.

Bombing the Idzumo

In scenes reminiscent of the 1932 Shanghai war, on Friday 13 August shots were fired in Chapei near the headquarters of the Japanese Landing Party.⁵⁹⁸ Fighting quickly spread east into Hongkew's 'Little Tokyo' and skirmishes continued through the day. On 12-13 August when the 87th and 88th Divisions arrived to reinforce the PPC: Chinese soldiers outnumbered the Japanese defence force by 10:1.⁵⁹⁹ According to Clarence Gauss, the US consul at Shanghai, there were 10,000 Chinese troops from the 88th Division in Chapei as well as 20,000-30,000 troops between Chapei and the Woosung Forts.⁶⁰⁰

⁵⁹⁵ Byrd, *Chennault* p.71; Chennault, *Memoirs* pp.39-40;

⁵⁹⁶ Chennault *Memoirs* p.38; see also Byrd, *Chennault* p.74 and fn21 p.376

⁵⁹⁷ TNA, FO/371/20967 F477/31/10 'Chinese Air Force' 25 January 1937 : 'Confidential, Minute of Interview Wing Commander H.S. Kerby, Air Attaché with Mr. W.H.Donald 17th November 1936', p.263

⁵⁹⁸ NCDN *Four Months of War*, p.6; FRUS, 1937 Vol. III 'The Ambassador in China (Johnson) to the Secretary of State' Nanking, August 13, 1937, p.394

⁵⁹⁹ FRUS, 1937 Vol. III 'Johnson to Secretary of State' 13/08/37, p.394

⁶⁰⁰ FRUS, 1937 Vol. III 'The Consul General at Shanghai (Gauss) to the Secretary of State' Shanghai August 13, 1937, p.396

Soldiers from a third Chinese unit (the 55th Division) were on the east side of the Whangpoa River on Pootung (Pudong) Point diagonally opposite the Japanese consulate. During the opening days of the offensive, batteries of the 55th Division on Pootung Point fired at the flagship *Idzumo* (an armoured cruiser) and other warships near the Japanese consulate.⁶⁰¹ As De Fremery pointed out, the Chinese failed to hit the even once.⁶⁰² As the average range of Chinese artillery was 1,200 yards compared to 8,000 yards for Japanese field artillery, the Chinese lacked the range to reach the *Idzumo* and shells fell into the river.⁶⁰³ 'This pointless shooting party' continued on and off until Japanese reinforcements eventually forced the Chinese division out of Pudong point.⁶⁰⁴ It is possible that to compensate for the inadequate range of Chinese artillery, Chiang and his advisers turned to the CAF to attack *the Idzumo*.

On Friday, 13 August 1937, the Whangpoa River was crowded with 15 Japanese warships close to the International Settlement.⁶⁰⁵ Japanese naval headquarters were based on the flagship *Idzumo* anchored at the NYK Wharf, near the string of consulates just over the Garden Bridge from the city centre (see Figure 2 below). The *Idzumo* was at the same berth which it had occupied during the Shanghai War of 1932 when it had been the flagship of Admiral Nomura, commander of the combined Imperial Army and Naval forces.⁶⁰⁶ The destroyer had four 8 inch and eight 6 inch guns as well as a squadron of seaplanes on board.⁶⁰⁷ Although it was a legitimate military target, its value was more psychological than tactical. As the Australian journalist Rhoads Farmer noted, 'the Chinese regarded her as the main symbol of Japan and desperately tried to gain face by sending her to the bottom.'⁶⁰⁸

Chennault wrote that on 13 August he was with the Chiangs in Nanking when they heard that the Kiangwan Civic Center was being shelled. Madame Chiang sobbed 'they

⁶⁰¹ De Fremery, *Dutch Spy*, pp. 96-97

⁶⁰² De Fremery, *Dutch Spy*, pp. 96-97

⁶⁰³ See Chang, 'Nationalist Army' in Peattie, *Battle for China*, p.89:

⁶⁰⁴ De Fremery, *Dutch Spy*, p.97

⁶⁰⁵ See Marvin Williamsen, 'The Military Dimension 1937-1941' in *China's Bitter Victory, the War with Japan 1937-1945* ed. James C. Hsiung, Steven I. Levine (Armonk NY, 1992), p.142:

NARA, RG38 Box 440 file C-9-d Reg. No. 21902-D report no. 289, 31/8/37

⁶⁰⁶ *FRUS*, 1932 Vol.III 'the Consul General at Shanghai (Cunningham) to the Secretary of State Shanghai, 9 February 1932', p.266

⁶⁰⁷ Hagiwara Mitsuru, 'The Japanese Air Campaigns in China, 1937-1945' *Battle for China*, p.242

⁶⁰⁸ Farmer, *Shanghai Harvest*, p.54

are killing our people.’ Chennault asked what she would do next: ‘she brushed away her tears, threw back her head proudly. “We will fight.”’⁶⁰⁹ Madame then asked Chennault what the air force squadrons could do the next day, Saturday 14 August. Chennault recommended ‘dive-bombing and high-level-bombing attacks on the Japanese warships that were providing enemy infantry with heavy artillery support.’⁶¹⁰ As Chennault stated in his memoir, after years of theoretical debate about his ideas of air warfare he wanted ‘a chance to give them an acid test in combat.’⁶¹¹ By his own account, he also was somewhat infatuated with Madame Chiang. When Roy Holbrook introduced him to Madame Chiang in June 1937, Chennault described it as ‘an encounter from which I never recovered’: ‘that night I wrote in my diary, “She will always be a princess to me.”’⁶¹² Like a knight in shining armour, he wished to prove his worth to Madame, his eternal princess.

According to Chennault, Madame ‘suddenly discovered’ that none of the Chinese air officers knew how to organize a combat mission and asked him to take charge.⁶¹³ After the conference with the Chiangs at Nanking, Chennault found himself planning his first combat mission ‘without a moment’s preparation and only the vaguest knowledge of the two opposing forces.’⁶¹⁴ On the night of the 13 August he and MacDonald stayed up to 4 am ‘poring over maps’ and in his words ‘unknowingly setting the stage for Shanghai’s famous “Black Saturday”.’⁶¹⁵ By employing the adverb ‘unknowingly’ Chennault in the post-war era hoped to deflect any blame for his subsequent actions but this excuse does not hold up to scrutiny.

As he related in *Way of a Fighter*, Chennault ‘decided to send the Curtiss Hawk dive bombers against the Japanese cruisers and the Northrop light bombers against Japanese naval headquarters, then aboard the heavy cruiser *Idzumo*, which was anchored in the

⁶⁰⁹ Chennault, *Memoirs*, p.44

⁶¹⁰ Chennault, *Memoirs*, p.44

⁶¹¹ Chennault, *Memoirs*, p.39

⁶¹² Chennault, *Memoirs*, p.35

⁶¹³ John T. Correll, ‘Daylight Precision Bombing’ *Air Force Magazine*, October, 2008 p.60

⁶¹⁴ Chennault, *Memoirs*, p.45

⁶¹⁵ Chennault *Memoirs*, p.45

**Figure 1 [Garden Bridge] Chinese Refugees pouring into International Settlement
August 1937⁶¹⁶**



⁶¹⁶ LOC, Angwin, 'Sino-Japanese Conflict', p.22 (his caption),

Whangpoa opposite the Japanese consulate *at the edge* of the International Settlement [my italics].⁶¹⁷

Anyone who had ‘pored over maps’ or knew Shanghai would have known that the *Idzumo* was not *at the edge* of the International Settlement but *in* it (Figure 2 below): its location, only 100 metres from a string of consulates and the Garden Bridge made an attack on the *Idzumo* as hazardous as bombing *HMS Belfast* anchored in the Thames in the centre of London. Numerous photographs recorded the impact of Chinese aerial bombardment of the Japanese warships lined up along the north shore of Whampoa in front of the North sector of the International Settlement: those reproduced in this thesis come from a lengthy account of the Shanghai Offensive written by Captain W.A Angwin (USN) for the US Navy (Figure 3 below).

Figure 2 Shanghai 1937⁶¹⁸



⁶¹⁷ Chennault *Memoirs* p.45

⁶¹⁸ Figure 2: A portion of "Plan of Shanghai" (Sheet 1), original scale 1:15,840. heliographed at O.S. from drawings of the 1933 Municipal plan, and printed at O.S., 1937, U.S. Army Map Service, 1945. I have added arrows to highlight the Location of the hotels bombed on 14 August and the NYK wharf where the *Idzumo* was anchored.

The Japanese Navy also had planned to open its own offensive on the morning of 14 August with air raids by all the carrier-based planes (including a few seaplanes on the *Idzumo*) against airfields around Shanghai. Due to the bad weather, its commanders postponed operations.⁶¹⁹ That morning, as the Australian journalist Rhoades Farmer recalled, a typhoon screamed through the city at 80 miles an hour.⁶²⁰ Nevertheless CAF pilots went ahead with their mission: the tactics behind the offensive were to exploit the enemy's temporary disadvantage. Therefore it is logical that the Chiangs ordered pilots to fly through the typhoon to catch the enemy off guard: the Japanese high command may not have expected the Chinese to fly in conditions which it considered to be too daunting for their own aviators.

A US Naval Intelligence report (1939) stated that CAF squadrons composed of 12 Hawks, 6 Corsairs and 6 Northrops set off on the morning of 14 August from the Hangchow air base to attack the *Idzumo*, and other enemy targets along the Yangtsepoo Creek in the eastern sector of the International Settlement.⁶²¹ Japanese reports also described CAF attacks on installations that morning: at 10.50, four planes raided the Shanghai Special Marine Force Headquarters [on land]; at 10.55 five CAF bombers attacked the 8th Cruiser Division near the Woosung fort on the Whangpoa to the northeast of the city.⁶²² At 11.22 am, three CAF 'attack planes' made their first attempt to hit the *Idzumo* but failed: bombs fell into the river, struck some wharves and caused damage in Hongkew which went largely unreported.⁶²³

Rhoades Farmer watched the Chinese planes try to attack the Japanese golf course in the eastern sector of the North Settlement which was being converted back to an airfield (as it had been in the 1932 Shanghai war).⁶²⁴ They came in so low that he could see CAF

⁶¹⁹ US Department of the Army, Office of the Chief of Military History, Japanese Monographs no. 166, *China Incident Naval Operations* (July-November 1937), (Washington, 1964), p.18

⁶²⁰ Farmer, *Shanghai Harvest* p.39

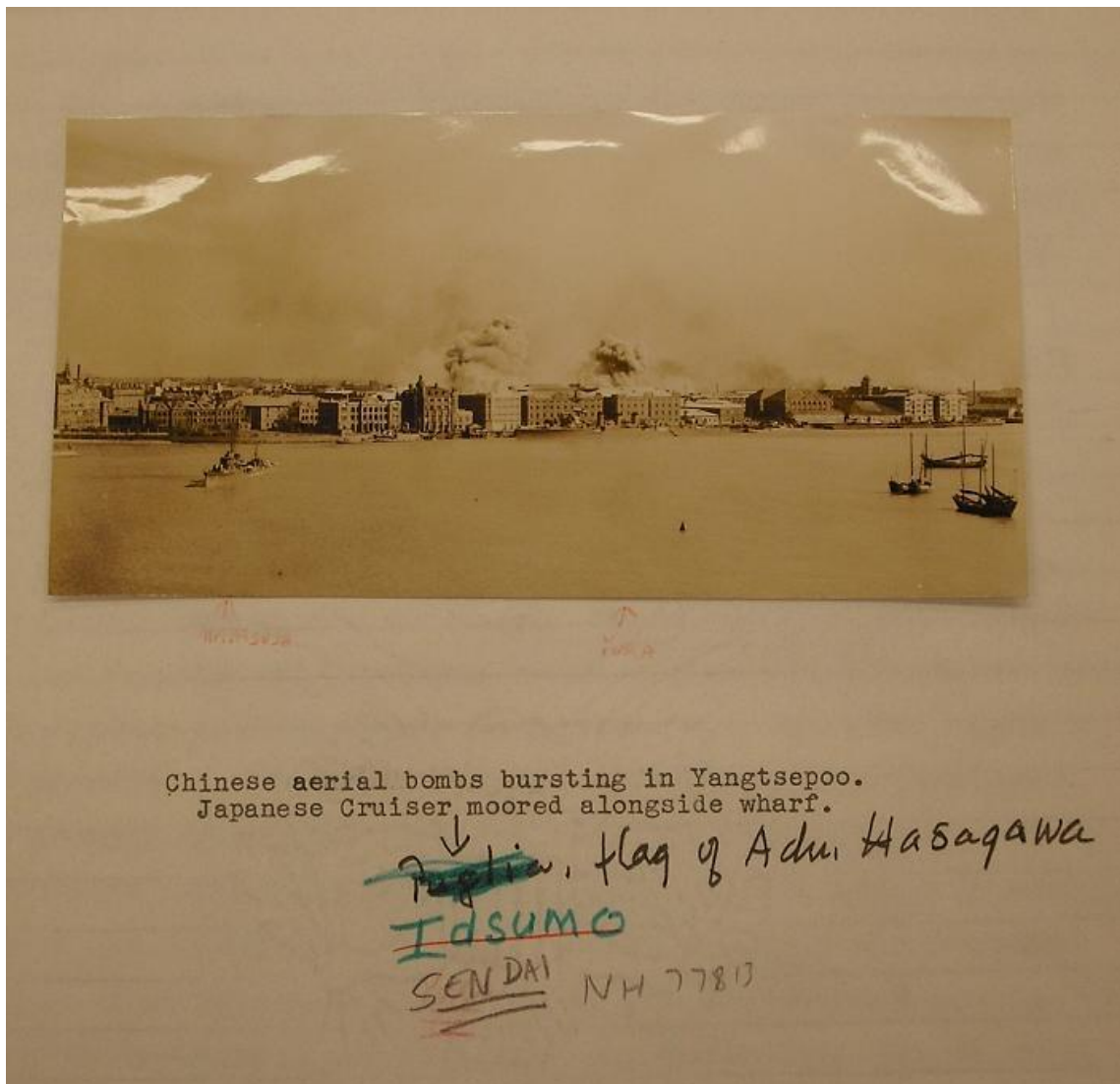
⁶²¹ ONI, 'Present Conflict in China', 1939, p.33

⁶²² ONI 'Present Conflict in China', 1939, p.34; TNA, FO/371/20954 F5595/9/10 'Sino-Japanese dispute : Weekly Intelligence Report' 23 August 1937, p.107

⁶²³ Japanese Monograph no. 166 p.18: *FRUS*, 1937 Vol.III 'the Ambassador in China (Johnson) to the Secretary of State' Nanking, 14 August 1937 3 pm', pp.407-408; De Fremery, *Dutch Spy*, p.93

⁶²⁴ Farmer, *Shanghai Harvest*, p.40; Jordan, *Shanghai War*, p.149

Figure 3 Chinese aerial bombing of Japanese warships 15 August 1937 ⁶²⁵



markings. Although they caused little damage to the golf course, they hit several Japanese cotton mills on the river.⁶²⁶

Nelson Johnson confirmed to the State Department that during the morning of 14 August the CAF struck the headquarters of the Japanese Landing Force in Hongkew and the Kunzta factory where the Japanese had stored ammunition.⁶²⁷ That morning,

⁶²⁵ LOC, Angwin 'Sino-Japanese Conflict' between pp.25 -26

⁶²⁶ Farmer, *Shanghai Harvest*, p.41

⁶²⁷ FRUS, 1937 Vol. III 'the Ambassador in China (Johnson) to the Secretary of State Nanking 14 August 1937 3 pm' p.407

however, the only serious damage to the Japanese fleet on the Whangpoa was the result of bomb fragments which killed some of the crew on the *Okinawa Maru*, part of the 8th Cruiser Division anchored out near the Woosung Fort.⁶²⁸

In retaliation for CAF action in the morning, the Japanese decided, despite bad weather, to order squadrons based in Taiwan as well as on carriers to raid the Hangchow air base in the afternoon.⁶²⁹ Only two seaplanes managed to take off, one from the *Idzumo* and one from the *Kawauchi* which attacked the Hungchao airfield at Shanghai and Chinese positions in Chapei. They brought down two enemy planes while Army air force squadrons from Taipei succeeded in bombing the Hangchow airfield.⁶³⁰

The typhoon conditions on 14-15 August worked to the advantage of the CAF in defending Nanking and Hangchow where pilots downed three large Japanese planes.⁶³¹ Thus from Chiang's standpoint, the first two days of combat produced excellent results. He understood that the CAF had destroyed 17 enemy aircraft while losing only three planes although this was probably an exaggeration: Peattie notes that the Kisarazu Air Group lost 4 bombers while attacking Nanking on 15 August.⁶³² In his diary Chiang wrote that 'Japan's flying technique is so poor that we can foresee success.'⁶³³ In his summary for August 1937 Chiang expressed his satisfaction with the CAF victories over Japanese pilots:

We were at a great advantage, especially the air force. The air force success was unbelievably good. We would count on one taking on ten. People from outside might think this is an exaggeration but if you saw the real situation, you would believe it. So in fact we attacked and downed 42 out of 52 brand new heavy airplanes held by the Japan in Taiwan. You can imagine how bad the casualties for Japan were. I have heard that some Japanese air force generals attempted suicide but this might be a rumour.⁶³⁴

⁶²⁸ Japanese Monograph no.166, p.18

⁶²⁹ Japanese Monograph no. 166, p.18-19

⁶³⁰ Japanese Monograph no. 166, p.19

⁶³¹ HISU, *Chiang Diaries*, Box 39, Folder 14, August 1937: See Peattie, *Sunburst*, p.106

⁶³² Peattie, *Sunburst*, p.106

⁶³³ HISU, *Chiang Diaries*, Box 39, Folder 14, August 1937

⁶³⁴ HISU, *Chiang Diaries*, Box 39, Folder 14, August 1937 (translated for the author),

Mark Peattie's research supports Chiang's impression of CAF superiority in the opening days of the war: the Japanese air forces were as much on a learning curve as the Chinese; both the Imperial Navy and Army air forces operated with semi-obsolete aircraft and outmoded ideas.⁶³⁵ At Hangchow the Chinese used their Curtiss Hawk IIIs to good effect.⁶³⁶ Pilots at Nanking handled their Boeing 281s (*Peashooters*) equally well.⁶³⁷ As one Japanese aviator later recalled, the Curtiss Hawk III mounted with 12.7 mm machine guns was faster and more effective than its Japanese counterpart.⁶³⁸

The Japanese high command also had various *idées fixes* about bombing power which played into the hands of the Chinese, notably the belief that bombers could outperform pursuit planes and did not require any fighter escorts: they dispatched groups of three bombers on a regular schedule of morning flights when visibility was so good that Chinese lookouts were easily alerted to their arrival.⁶³⁹ Chinese pilots quickly learned how to outmanoeuvre the Japanese. Moreover the Mitsubishi G3M bomber, once strafed by bullets proved to be highly flammable.⁶⁴⁰ Thus in the early stages of the war, Japanese doctrine and design faults contributed to China's air victories and Chiang's optimism about the future conduct of the air war. To commemorate China's first air victory over Japan, '14 August' was later designated Air Force Day.⁶⁴¹ The foreign community at Shanghai, however, heard little or nothing about CAF triumphs in air defence.

In the afternoon at 4.30pm, the Northrops returned to raid the *Idzumo*, but missed their target again. In *Way of a Fighter* Chennault described the results: two 1,100 pound bombs fell from the Northrops into the crowded Nanking Road: 'one was a dud. The other killed 950 people and wounded 1,150 more'.⁶⁴² He omitted from his memoir the second catastrophe which occurred in the afternoon. Twenty minutes after the bombing of the Cathay and Palace hotels, pilots released two more bombs at the intersection of Avenue Edward VII and Thibet Road (Yu Ya Ching Road) where the Great World

⁶³⁵ Peattie, *Sunburst*, pp.106-111

⁶³⁶ Peattie, *Sunburst*, pp.106&108

⁶³⁷ Chennault, *Memoirs*, p.39

⁶³⁸ Mitsuru, 'Japanese Air Campaigns' in Peattie, *Battle for China*, p.243

⁶³⁹ Peattie, *Sunburst*, pp.109-110

⁶⁴⁰ Peattie, *Sunburst*, p.106

⁶⁴¹ Hsu & Chang, *Sino-Japanese War*, p.267

⁶⁴² Chennault, *Memoirs*, p.45

Amusement Center had been converted into a shelter for refugees: thousands were moving towards the old Chinese city south of the French Concession at the time.⁶⁴³ A CAF bomb blew open the front of the Great World. De Fremery reported '1,012 dead and 1,007 wounded.'⁶⁴⁴ In addition to the casualties in Nanking Road earlier in the day, casualties came to at least 2,000 mainly Chinese dead and 2,150 wounded on 14 August 1937.

There were countless witnesses to the afternoon attack on the *Idzumo*.⁶⁴⁵ The *North China Herald* stated that ten CAF airplanes had flown over the city.⁶⁴⁶ When the *Idzumo* fired its anti-aircraft guns against them, six veered away while the other four passed over the Bund and released four aerial torpedoes 'far from their apparent objective': two landed in the Whangpoa [near the *Augusta*] creating a tidal wave far into the Bund and the other two fell on Nanking Road – one on the roof of the Palace Hotel, the other in Nanking Road.⁶⁴⁷

The Australian journalist Rhoades Farmer watched five Chinese bombers fly down the Whangpoa between the Bund and Pootung Point, heading straight for the *Idzumo*: they flew in a tight V formation at an altitude of about 5,000 feet. Japanese anti-aircraft guns fired on them as they passed over the *Idzumo*: they headed off in the direction of the Japanese naval headquarters in Hongkew. They were followed by another group of medium bombers. One broke formation and released two bombs which the typhoon carried towards the shoreline, just missing a British destroyer and the other hit sampans. Farmer thought to himself 'whoever briefed these aircrews and set their course into this raging side wind ought to be tied to the muzzle of one of *Idzumo*'s guns.'⁶⁴⁸ At that point he 'saw the other two bombs racing towards the roof where...we had been watching hundreds of A.A. shells...one disappeared into Nanking Road. Then the roof of the Palace Hotel erupted...another terrific explosion sounded in Frenchtown.'

⁶⁴³ *NYT* 'Two Americans see Bombs Rain Death' August 15, 1937, p.30 & 'Warships Targets But Airplanes' Missiles Fall in the Center of Crowded City' August 15, 1937, p.1; *NCH* 'Settlement Bombed: Nanking Road Corner and Great World turned into Shambles by Missiles of death', p.273

⁶⁴⁴ De Fremery, *Dutch Spy*, p.94

⁶⁴⁵ *NYT* 'Two Americans see Bombs Rain Death' August 15, 1937 ; 'Warships Targets But Airplanes' Missiles Fall in the Center of Crowded City' August 15, 1937

⁶⁴⁶ *NCH* 'Settlement Bombed' August 18, 1937 p.273

⁶⁴⁷ *NCH* 'Settlement Bombed'

⁶⁴⁸ Farmer , *Shanghai Harvest* p.46

Figure 4 *North China Herald* 18 August 1937⁶⁴⁹



Nonetheless, Farmer regarded the Nanking Road bombing as a minor tragedy compared to the disaster in front of the Great World Amusement Center (figure 5 below): ‘more than 3,000 Chinese died or were seriously injured as they cheered the damaged Chinese bomber as a symbol of coming victory over Japan. Many of them had given their cents to the Chinese Government’s Buy-a Bomber fund.’⁶⁵⁰ Here were the fruits of *National Salvation through Aviation*.

On 14 August Chiang was informed about one of the accidents at Shanghai. In his diary he noted that ‘the bomb racks of the No.2 squadron were hit by the enemy and two

⁶⁴⁹ NCH, *When Aeroplane Bombs fell on Nanking Road* 18 August 1937 p.276

⁶⁵⁰ Farmer, *Shanghai Harvest* p.48

Figure 5 Great World Amusement Center after bombing⁶⁵¹



bombs were released.⁶⁵² It seems likely that Chiang was utterly preoccupied with other military operations and did not grasp the full extent of the damage caused by CAF aviators over the International Settlement. He may have relied on Donald who acted as the regime's 'spin doctor' for bulletins from Shanghai.

Donald downplayed collateral damage to the foreign diplomatic corps, blaming the Japanese for damaging CAF bomb racks.⁶⁵³ Late on 14 August he explained to US Ambassador Nelson Johnson that the pilots had tried to attack Japanese naval vessels in the river: 'when in the course of diving they flattened out over the neighbourhood of the

⁶⁵¹ Institut d'Asie Orientale, Fonds Fabre, 'Great World Amusement Center after bombing', Shanghai, August 1937 (<http://www.virtualshanghai.net/Photos/Images?ID=59>)

⁶⁵² HISU, *Chiang Diaries*, Box 39, Folder 14, August 1937: the squadron numbers changed in 1937 but in 1935-1936, the squadrons composed of Northrop bombers were known as the 1st and 2nd squadrons. See NARA,, RG38 Box 122 File A-1-q Registry no. 21841-A, Folder Annual Aviation Data, China 36-37 'The Central Government Air Force: Aviation Statistics Sheet One Numbers of Squadrons and Planes & Aviation Statistics Sheet Two Aircraft Characteristics and Performance as of July 1, 1936

⁶⁵³ FRUS, 1937 Vol. III, 'the Ambassador in China to the Secretary of State' Nanking, 14 August 1937, p.414

Cathay Mansion Hotel, they were damaged by anti-aircraft guns and bombs were loosened and dropped.’⁶⁵⁴ Donald assured Johnson that ‘the pilots responsible were being called up for court martial and instructions were being issued against any further flying by Chinese military planes over the foreign areas.’⁶⁵⁵ As for the thousand Chinese killed at the Great World Amusement Center, this too was ‘an unavoidable accident, due to the injury by anti-aircraft fire of the bomb-releasing mechanism of the plane.’⁶⁵⁶

In *Way of a Fighter* Chennault provided an equally implausible excuse for ‘Bloody Saturday’ in which he exonerated himself and pinned the blame on the pilots for not following ‘careful’ instruction.

Chinese bomber crews had been carefully trained to bomb at a fixed speed and an altitude of 7500 feet. Their orders were to avoid approaching the *Idzumo* over the International Settlement as we all recognised that there was too much tinder in those polyglot streets ready to flare into an international incident that would damage the Chinese cause. Weather over Shanghai was bad for high-level bombing. Rather than turn back in an abortive mission, the Chinese pilots went on down below the overcast to make their bomb runs at 1500 feet in a shallow dive that boosted their air speed above their accustomed bomb run. They violated orders to avoid the International Settlement and failed to adjust their bomb sights for the new speed and altitude. As a result their bombs fell short of the *Idzumo* and smack into the middle of the International Settlement.’⁶⁵⁷

Chennault’s account was full of contradictions. Any number of US military attaché reports indicated that CAF pilots were never adequately trained for bombing, especially in bad weather. They had certainly not received instruction in precision bombing comparable to that envisioned by American Air Corps training standards. Chennault, as an experienced aviator and instructor must have known this. Moreover, it was impossible to approach the *Idzumo* without passing over the International Settlement: if the Chiangs had wished to avoid an incident in the Settlement, they would never have ordered pilots to attack the *Idzumo* in the first place in good weather or foul. Chennault implied that the pilots took it upon themselves to carry on with their mission despite the typhoon. There could be only one reason for doing so, fear of a worse alternative, that is, court martial and a firing squad for disobeying orders. One may infer from his remarks that Chennault persuaded the Chiangs that the mission would succeed because

⁶⁵⁴ FRUS, 1937 Vol. III, Johnson to the Secretary of State’ 14/8/37, p.414

⁶⁵⁵ FRUS, 1937 Vol. III, Johnson to Secretary of State 14/8/37 p.414

⁶⁵⁶ LOC Angwin, ‘Sino-Japanese Conflict’, p.24

⁶⁵⁷ Chennault, *Memoirs*, p.45

Americans instead of Italians had been in charge of ‘carefully’ training the pilots. When the mission failed, he pinned the blame on the pilots just as the Chiangs and Donald did. He had been so intent on trying out his tactics or so dedicated to his new employers that he lost all sense of proportion.

Chennault’s account becomes even more disingenuous when compared with the analysis of ‘Bloody Saturday’ provided by John Jouett to the *New York Times* on 16 August. As head of the unofficial mission to China 1932-1935 Jouett was sympathetic but realistic about the plight of Chinese pilots. ‘These confident and enthusiastic young fliers were trying high-altitude bombing, a hard undertaking for anyone not constantly drilled in just that sort of thing. At modern airplane speed a mistake of one second makes a difference of more than 100 yards in where a bomb strikes. The ships in the harbour were too close to the congested area.’⁶⁵⁸ Jouett’s critique of his old CAF pupils was fair but forgiving. Chennault, like his employer, Chiang kai-Shek treated the CAF pilots as scapegoats.

Madame Chiang was called to account by a prominent American, who was well disposed towards the Chinese. Mrs Theodore Roosevelt Jr sent a telegram asking Madame to ‘intercede’ with the Generalissimo to prevent a recurrence of such bombings, unaware, as was the entire world that Madame was implicated in the CAF bombings.⁶⁵⁹ In her published response, Madame adhered to Donald’s version of events: she expressed regret for the accidental bombings by ‘damaged Northrop bombers’ and explained that Japanese anti-aircraft fire had wounded the pilots and damaged the bomb racks which released the missiles.⁶⁶⁰

Chennault also noted in passing that on 14 August bombs ‘shattered glass’ on the USS *Augusta*, the flagship of the American Asiatic Fleet.⁶⁶¹ The photograph above suggests a near miss. At 4.40pm just after the bombing of the Nanking Road, CAF planes

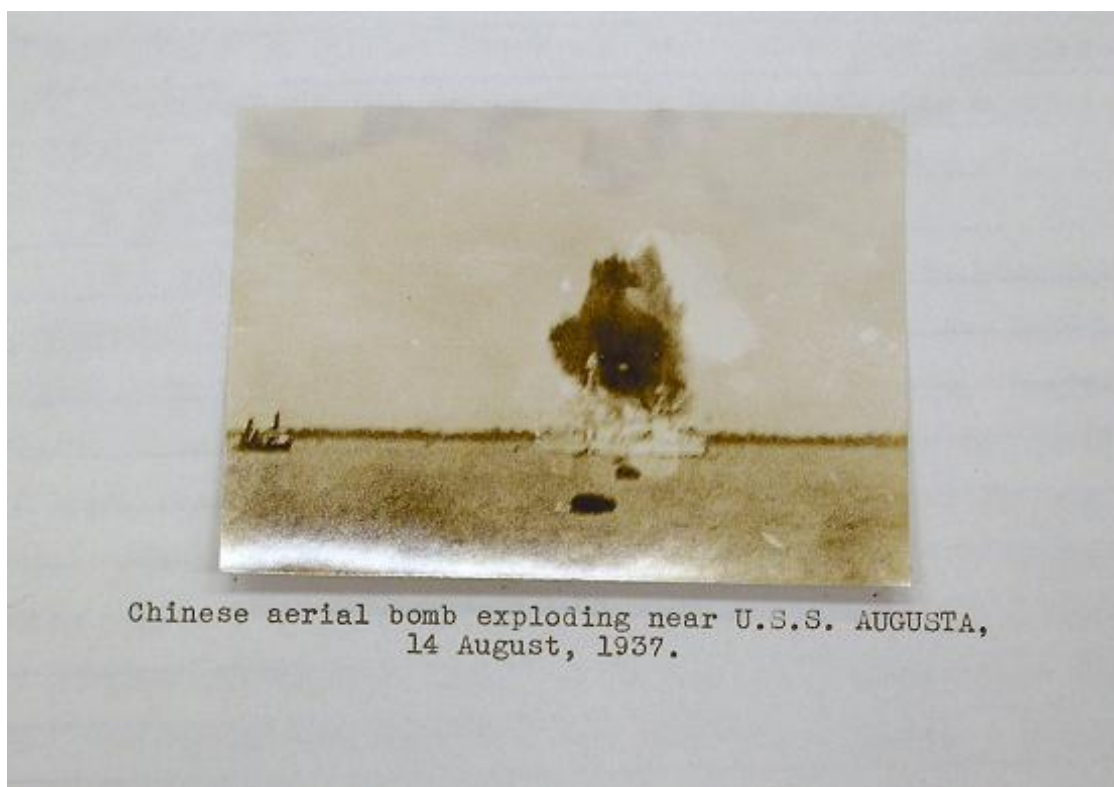
⁶⁵⁸ NYT ‘Sees Chinese Flyers eager to do things’ 16 August 1936, p.4

⁶⁵⁹ NYT, ‘Mme Chiang voices Grief at bombing’ August 16, 1937, p.5

⁶⁶⁰ NYT, Mme Chiang 16/8/37, p.5

⁶⁶¹ Chennault, *Memoirs*, p.45

Figure 6: Collateral Damage to the USS Augusta 14 August 1937⁶⁶²



released two missiles into the Whangpoa twenty yards from the *Augusta*.⁶⁶³ The fleet's Commander in Chief, Admiral H.E. Yarnell warned that if there was any further bombing of US vessels, he would use anti-aircraft battery in self defence.⁶⁶⁴ Not long thereafter on 20 August the *Augusta* suffered serious damage from an anti-aircraft projectile that killed one seaman and wounded 17 others: this proved to be a shell fired by Chinese at two Japanese aircraft flying nearby.⁶⁶⁵

As Captain Angwin related 'the Chinese were quite evidently making desperate and determined, though unsuccessful attempts to damage the Japanese flagship IDZUMO.'⁶⁶⁶ US Naval Intelligence later noted that the presence of the *Idzumo* was 'particularly annoying' to the Chinese and CAF pilots had been plied with a reward to

⁶⁶² LOC, Angwin, 'Sino-Japanese Conflict', between pp. 24 & 25

⁶⁶³ FRUS, 1937 Vol. IV 'Memorandum by Mr. Joseph W. Ballantine of the Division of Far Eastern Affairs', Washington August 14' relaying telegrams from C-in-C Asiatic fleet August 14, 5.15 pm, p.255

⁶⁶⁴ FRUS, 1937 Vol. IV, Ballantine 14/08/37, p.255

⁶⁶⁵ LOC Angwin, 'Sino-Japanese Conflict', p.27

⁶⁶⁶ LOC, Angwin, 'Sino-Japanese Conflict', p.26

hit the *Idzumo*⁶⁶⁷. Another witness came forward and stated that on the 14 August the pilots 'had been well fortified with liquor for their exploit.'⁶⁶⁸ They continued attempts to sabotage it not only from the air but the river.⁶⁶⁹ On the night of 17 August a Chinese speed boat tried to fire a torpedo at the *Idzumo* which failed to hit its mark but thoroughly alarmed those living near the Bund.⁶⁷⁰ Rhoads Farmer reported that the sailors rammed their boat into a pier just astern of the Japanese destroyer.⁶⁷¹ After this attack, 'all Shanghai breathed more comfortably:' the Japanese finally removed the destroyer away from its mooring near the Consulate to a mooring near Pootung point the following day.⁶⁷² At Nanking CAF General PT Mow also expressed relief that the flagship had been removed.⁶⁷³ Nevertheless the CAF still tried to hit the *Idzumo* and other enemy warships during night flights which started at about this time.⁶⁷⁴

During the first ten days of the offensive, the Chinese had maintained some 80,000 troops at Shanghai compared to the Japanese naval landing party of 12,000. Because Chinese air and ground forces failed to disable Japanese war ships or demolish their barracks, the Japanese Landing Party (marines) based in the Northern sector of the International Settlement was able to hold out until reinforcements arrived.⁶⁷⁵ In the early hours of 23 August Japanese troops accompanied by Japanese bomber aircraft and naval anti-artillery began to land near the Woosung fort on the banks of the Whangpoa north of Shanghai.⁶⁷⁶ Over the course of the next week or so, 30,000 troops arrived to support the Japanese marines at Shanghai: they met little opposition on the way, apart from pockets of resistance such as the village of Lotien where a battle raged for another

⁶⁶⁷ ONI, *Present Conflict in China*, p.34

⁶⁶⁸ FRUS, 1937 Vol.IV 'The Consul General at Shanghai (Gauss), to the Secretary of State' Shanghai, August 28,1937, p.29

⁶⁶⁹ De Fremery, *Dutch Spy*,p.96

⁶⁷⁰ FRUS, 1937 Vol. III 'The Ambassador in China (Johnson), to the Secretary of State' Nanking 20 August 1937, p.451; Farmer, *Shanghai Harvest*, p.53

⁶⁷¹ Farmer, *Shanghai Harvest*, p.53

⁶⁷² Farmer, *Shanghai Harvest*, p.54

⁶⁷³ TNA, FO371/20960 'Japanese Air Raids on Nanking – August 1937 from the Commanding Officer, H M S Capetown at Nanking, Section V, Report on Officers' visit to Chinese Military Aerodrome at Chou Yung, and the Wreckage of Japanese Bombing Aircraft there', p.288: the visit was on 18 August 1937.

⁶⁷⁴ FRUS, 1937 Vol. III 'the Consul General at Shanghai (Gauss), to the Secretary of State' Shanghai, 29 August 1937, p.493

⁶⁷⁵ FRUS, 1937 Vol. III 'Gauss to the Secretary of State' Shanghai 29/08/37, p.493

⁶⁷⁶ TNA, Air/2/3558 'Air Operations during Sino-Japanese Hostilities 1938 Report by Air attaché Shanghai' 25/1/39, p.80

week: by the time it was over, more than half of the Chinese troops were dead.⁶⁷⁷ On 28 August Chiang noted that people's confidence had been shaken because the war was not going well: he wrote in his diary that he had to stay calm.⁶⁷⁸ Up to then the Shanghai offensive had been a localised attack on the Japanese marines. On 23 August it turned into a defence to the last man against Japanese invasion. Even then, however, the Chinese still outnumbered the Japanese by three to one.⁶⁷⁹

At Shanghai, foreigners remained pre-occupied by the continuing threat from the CAF. On 23 August a Chinese pilot flying a Douglas DC-2 transport fitted with bomb racks came in at about 10,000 feet over the International Settlement and released two 500 lbs bombs which struck the Wing-on and Sincere Department stores at the intersection of Nanking and Chekiang Roads. Nearly all the windows were blown in and several hundred people in the stores were killed or injured while on the street there were numerous casualties.⁶⁸⁰ The second bomb, although a dud, destroyed a US Navy 'go-down' five blocks south of the department stores.⁶⁸¹ De Fremery reported that 215 people were killed and 558 wounded: according to his estimate the bombing of the department stores brought casualties from CAF pilot error up to at least 4,382 in the month of August.⁶⁸² A foreign admiral complained to *the New York Times* that 'the fliers are so badly trained as marksmen or so hysterical, excitable and irresponsible that they are like children playing with destructive weapons. In common decency they should not be entrusted with death-dealing airplanes.'⁶⁸³ At the same time, however, CAF planes were 'conspicuous by their absence' in harassing the Japanese troops as they headed towards Shanghai on 24 August.

On 30 August the CAF committed its final blunder for the month, the bombing of the luxury 'Dollar' ocean liner, the *USS Hoover* which had been seconded for the

⁶⁷⁷ See De Fremery *Dutch Spy*, pp.104-105; Yang, 'Chiang Kai-shek' in Peattie *Battle for China* p.149

⁶⁷⁸ HISU, *Chiang Diaries*, Box 39, Folder 14, entry for 28 August 1937

⁶⁷⁹ FRUS, 1937 Vol. III 'Gauss to the Secretary of State' Shanghai 29/08/37, p.493

⁶⁸⁰ LOC Angwin, 'Sino-Japanese Conflict', p.29

⁶⁸¹ LOC Angwin, 'Sino-Japanese Conflict', p.29; FRUS, 1937 Vol. IV 'the Consul General at Shanghai (Gauss) to the Secretary of State' Shanghai 28 August 1937', p.295

⁶⁸² De Fremery, *Dutch Spy*, p.94; NYT 'Wild Havoc Scene told by Witness' 24 August 1937 Section 1, p.2

⁶⁸³ NYT 'China held Guilty in Shanghai Blast' August 27, 1937 Section 1, p.3; see also the memoir of the *New York Times* correspondent, Hallett Abend, *My Years in China 1926-1941* (London, 1944), pp.257-265.

evacuation of Americans from the Yangtze river ports further inland.⁶⁸⁴ With 263 passengers on board, it was anchored 17 miles off the coast when three CAF planes approached and dropped eight bombs around the ship, allegedly mistaking it for a Japanese transport although the nearest Japanese vessel was a destroyer five miles away.⁶⁸⁵ The pilots repeatedly aimed their machine guns at the ship.⁶⁸⁶ Three passengers and six crew members were killed.⁶⁸⁷ Admiral Yarnell protested that the bombing of the Hoover coupled with previous incidents demonstrated 'either an amount of inefficiency, ignorance or lack of control by higher authorities of Chinese aviators which renders these planes a greater menace to neutrals than they are to the enemy.'⁶⁸⁸ From 13-31 August CAF pilots had bombed the USS Augusta once, the Sacramento twice, the Ramapo once and the US Naval submarine S-37 once while managing to strike only Japanese ship in the same period: Yarnell surmised that Chinese aviators lacked the training and discipline to respect any orders 'if received.'⁶⁸⁹

Secretary of State Cordell Hull instructed Johnson to make a stiff protest to the Chinese authorities and called in the Chinese Ambassador. When Hull pointed out that this was the fifth case of accidental bombing, the ambassador expressed 'surprise and inquiry.'⁶⁹⁰ Stanley Hornbeck gave details of each incident emphasising that 'such occurrences necessarily make a very bad impression and tend to aggravate and complicate the whole situation.' The Chinese ambassador, while expressing regret, replied that 'these things had occurred by accident and through misapprehension and that, so far as the ships in the Whangpoa were concerned, those ships were within the area of military operations.'⁶⁹¹

⁶⁸⁴ FRUS, 1937 Vol. IV 'The Ambassador in China (Johnson) to the Secretary of State' Nanking, 30 August, 1937 p.473

⁶⁸⁵ FRUS, 1937 Vol. IV 'The Secretary of State to the Ambassador in China (Johnson) Washington, 30 August 1937' 4pm p.473 & 'The Consul at Kobe (Scott) to the Secretary of State', Kobe 1 September 1937 9pm, p.478

⁶⁸⁶ FRUS, 1937 Vol. IV 'The Consul General at Shanghai (Gauss), to the Secretary of State' Shanghai, 2 September 1937 2pm, p.479

⁶⁸⁷ NYT 'Fatality on Ship Chinese planes mistake the President Hoover' 31 August 1937 p.1

⁶⁸⁸ LOC Angwin, 'Sino-Japanese Conflict', p.31

⁶⁸⁹ LOC Angwin, 'Sino-Japanese Conflict', p.32

⁶⁹⁰ FRUS, 1937 Vol. IV 'Memorandum by the Adviser on Political Relations (Hornbeck) Washington, 31 August 1937, p.474

⁶⁹¹ FRUS, 1937 Vol. IV, Hornbeck Memorandum, 31/08/37, p.475

On hearing about the *Hoover*, Chiang finally expressed disappointment in the air force. On 30 August he wrote in his diary that the US was very upset about the casualties in the Hoover incident. He felt that the air force was made up of complete beginners, unable to follow orders and it made him very angry.⁶⁹² In his summary of the month, Chiang noted that 'when the President Hoover was mistakenly bombed by the air force, our government did not hesitate to apologise and to claim responsibility and pay compensation for losses. We admitted it and didn't make any excuses...So this moved America. Even though our country is weak, our dignity is very strong.'⁶⁹³

One of the pilots who had bombed the *President Hoover* surrendered immediately and was called up for court-martial.⁶⁹⁴ Chiang was so incensed that he sought 'a verdict of death on the young aviator or aviators responsible.'⁶⁹⁵ At the same time, Madame's Australian air adviser Garnet Malley offered fresh excuses to the American Ambassador. Malley alleged that control over training and discipline had only recently been 'centralized' under the Madame Chiang whereas previously it had been 'shot through with petty politics.'⁶⁹⁶ Now into their third week of combat without a break, pilots were suffering from nervous strain and lack of sleep, particularly the young ones who had shown 'courage and nerve.' Johnson was so touched by this story that he wrote to Madame to have the young pilot spared the death penalty.⁶⁹⁷ He also had second thoughts about delivering a stern protest to the Foreign Ministry.⁶⁹⁸ Hull, however, had reached a limit: he told Johnson to present the note as soon as possible.⁶⁹⁹

Towards the end of August Chiang's generals recognised that the air war was affecting the ground war. On 24 August General Chang Chih-Jung wired Chiang that incessant Japanese bombing was paralysing Chinese troops.⁷⁰⁰ The Kwangsi General Pai Ch'ung-

⁶⁹² HISU, *Chiang Diaries*, Box 39, Folder 14, August 1937

⁶⁹³ HISU, *Chiang Diaries*, Box 39, Folder 14, August 1937

⁶⁹⁴ HISU, *Chiang Diaries*, Box 39, Folder 14, August 1937

⁶⁹⁵ FRUS, 1937 Vol. IV The Ambassador in China (Johnson) to the Secretary of State' Nanking 1 September, 1937 11 a.m., p.477

⁶⁹⁶ FRUS, 1937 Vol.IV, 'The Ambassador in China (Johnson) to the Secretary of State' Nanking 31 August 1937 4p.m., p.475

⁶⁹⁷ FRUS, 1937 Vol. IV, 'The Ambassador in China (Johnson) to the Secretary of State' Nanking 1 September 1937 11 a.m., p.477

⁶⁹⁸ FRUS, 1937 Vol.IV, 'The Ambassador in China (Johnson) to the Secretary of State' Nanking August 31, 1937 11 a.m., p.476

⁶⁹⁹ FRUS, 1937 Vol.IV, 'The Secretary of State to the Ambassador in China (Johnson)' Washington 31 August 1937 10 p.m., p.476

⁷⁰⁰ Quoted by Yang Tianshi, 'Chiang Kai-shek' Peattie, *Battle for China*, p.153

hsi (known for his acumen as a tactician) concurred: 'there is no way that we can fight without control of the air. In daytime, our troops cannot fight because of Japanese aircraft. At night, our troops cannot fight either because of the enemy's searchlights. If we want to wage a protracted war of resistance, we must work out some other plan.'⁷⁰¹ Much later, Chiang admitted that he had adopted the wrong strategy at Shanghai: 'while we were exhausted, I reinforced Shanghai and stuck to resistance. We were totally defeated. It was my fault.'⁷⁰² Chiang's remarks applied equally to the air force. By the middle of September the Japanese had gained control over China's air space. The CAF continued to defend air bases but it was rapidly running out of fuel, spare parts and reserve airplanes required to maintain full operations.

In his memoir, Chennault commented that 'Black Saturday' 'made only a brief splash of headline horror and was quickly forgotten by all but the survivors.'⁷⁰³ This was hardly the case. It devastated the city and destroyed the reputation of the Chinese Air Force. As Christian Henriot pointed out, the two accidental bombings on the 14 and 23 August delivered the highest number of civilian casualties at Shanghai during the entire war.⁷⁰⁴ The Dutch spy, Henri de Fremery commented in his reports that the impact of the bombings – 4,382 casualties -- represented 730 per bomb and 'probably exceeded everyone's expectations. The *North China Herald* referred to the bombing on Bloody Saturday as a 'fearful holocaust' and a 'crime against civilisation.'⁷⁰⁵

Over the past thirty years, few historians have failed to mention 'Black Saturday,' in describing the Shanghai offensive: it became emblematic of Chiang's misguided strategy and the incompetence of his Air Force, overshadowing any success in defending Shanghai and Nanking.⁷⁰⁶ Only in the past 15 years or so have western

⁷⁰¹ Quoted Yang Tianshi, 'Chiang Kai-shek, Peattie *Battle for China* p.153

⁷⁰² Quoted Yang Tianshi, 'Chiang Kai-shek, Peattie *Battle for China* p.153

⁷⁰³ Chennault, *Memoirs*, p.45

⁷⁰⁴ Christian Henriot, 'A Neighbourhood under Storm Zhabei and Shanghai Wars' *European Journal of East Asian Studies* 9.2 (2010), p. 314: see also Wakeman *Policing Shanghai*, pp.279-281.

⁷⁰⁵ NCH 'Shanghai's mourning', 18 August 1937, p.273

⁷⁰⁶ Borg, *Far Eastern Crisis*, p.302 ; Jonathan Spence *The Search for Modern China* (New York, 1999), p.422; Jonathan Fenby, *Generalissimo Chiang Kai-shek and the China he Lost* (London,2003), p.295-297; Dick Wilson *When Tigers Fight, the Story of the Sino-Japanese War, 1937-1945* (New York, 1982), pp.35-36

aviation historians such as Mark Peattie and Xu Guangqiu highlighted the CAF's victories during the first two months of the war⁷⁰⁷

In *Way of a Fighter* Chennault was ambiguous about his role in China: 'although on many occasions, I directed combat operations of the Chinese Air force, I never issued an order. Everything was "suggested" often with an endorsement by the Generalissimo requesting compliance "without fail." Later I learned that "without fail" on the Generalissimo's orders meant that the penalty for failure was a firing squad.'⁷⁰⁸ In dealing with Chinese officers, the Chiangs tended to equate failure with disobedience and punished the guilty accordingly. They did not apply the same criteria to a foreign adviser such as Chennault: the Chiangs made foreign advisers virtually their peer, occupying a position above the highest ranking Chinese officers in the CoAA hierarchy. For his participation in the air force operations during the Shanghai offensive Chennault received a gift of \$10,000 from the Chiangs 'in appreciation of his services'⁷⁰⁹

Conclusions

There is a broad consensus among historians – reinforced by Chiang's own views – that the Shanghai offensive was a disaster in strategic and humanitarian terms. As Henry de Fremery observed, the Generalissimo and his generals underestimated the task of preventing Japanese reinforcements from reaching China by sea. They were indifferent to the fate of Shanghai and its people. They also ignored a broad and fundamental objective : to maintain good relations with the western powers whose support they needed for protracted warfare with Japan.

The Chiangs had only the crudest ideas about military aviation which they wanted to use for psychological impact on the enemy as much as their own people. As Henry de Fremery pointed out, the Chinese people clamoured to see the Chinese army and air force attack the Japanese at Shanghai. The *Idzumo* was a military target of particular symbolic value because it had been present during the Shanghai War of 1932 and

⁷⁰⁷ See Xu, *War Wings*, pp.116-117; Peattie, *Sunburst*, pp.106-110; Ray Wagner, *Prelude to Pearl Harbor The Air War in China, 1937-1941* (San Diego, 1991), pp.12-14

⁷⁰⁸ Chennault, *Memoirs*, p.53

⁷⁰⁹ Byrd, *Chennault*, p.75-76

accommodated commanders of the Japanese Imperial Navy. By damaging the *Idzumo*, the air force would demonstrate its capacity to achieve *National Salvation through Aviation*.

The Chiangs and Chennault knew that air force pilots were poorly trained for combat generally and for precision bombing specifically. The Chiangs also knew from the experience of the Shanghai war how vulnerable the city was to aerial bombardment. Therefore in deploying the CAF to bomb the *Idzumo* and other enemy warships in the river near the city, they consciously decided to expose the civilian population to collateral damage. It seems likely that they justified the risk of non-combatant casualties on the grounds that, in their eyes, the *Idzumo* was a 'legitimate' military target and the Chinese people were expected to make sacrifices – and be sacrificed – in the cause of national resistance. Therefore they were indifferent to the casualties at Shanghai. Clarence Gauss, the consul general at Shanghai estimated that the CAF bombardment combined with Chinese anti-aircraft missiles caused casualties in the neutral foreign protected areas at Shanghai of 1,990 Chinese and 16 foreigners dead as well as 2,800 Chinese and 27 foreigners injured.⁷¹⁰

The assaults on *the Idzumo* revealed the extent to which the Chiangs and Chennault confused psychological and tactical objectives in approaching strategy. For the Chiangs war was theatre and Shanghai was the theatre of war : the sight of the CAF damaging or possibly sinking the *Idzumo* was to be the centre piece of a first act which would dazzle the Chinese and devastate the Japanese. The scenario was loosely based on the time-honoured principles of Lao Tzu who advised military leaders to seize opportunities for attack when the enemy was at a disadvantage. For a few weeks, the Chinese had superior troops and airpower but they were in the wrong place at the right time – in Shanghai instead of the coast North of Shanghai or in Hangchow Bay.

By his own admission Chennault went to China to keep flying and test his airpower theories.⁷¹¹ In *Way of a Fighter* he emphasised his conviction that as the United States would eventually end up at war with Japan, he felt that the more he could learn about

⁷¹⁰ FRUS, 1937 Vol. IV 'The Consul General at Shanghai (Gauss) to the Secretary of State' Shanghai 18 October 1937, p.368

⁷¹¹ Chennault, *Memoirs*, p.30

Japanese tactics, the better he would be able to serve his country eventually.⁷¹²

Ambition and infatuation with Madame Chiang were the driving forces behind his conduct at Shanghai. He used the air offensive as a laboratory for ideas which he would not have been allowed to attempt in the United States. From this moment on, Chennault 'went native.' He became antagonistic to US officials in China and to anyone whom he suspected of disloyalty to the Chiangs.

Black Saturday may not have been a crime against humanity but it was a crime against civilisation as *the North China Herald* put it. The mishandling of airpower at Shanghai had serious consequences. By perpetrating such a catastrophe on their own people, the Chiangs destroyed the image which they had hoped to project as victims of Japanese aggression. Instead of arousing sympathy from the United States, they alienated American military and diplomatic representatives who in turn advised their governments to avoid any involvement with the Chinese military, particularly the air force. US-China relations reached a low point during 1937-1938: the Roosevelt Administration took specific steps to discourage Americans from becoming involved with the Chinese Air Force.

It could have been otherwise. Even though Roosevelt had no intention of abandoning the isolationist policies engendered in the Neutrality Acts, he had the power, if he so chose, to discreetly help 'victims of aggression.' For example, in January 1937 he invoked an arms embargo against the belligerents in the Spanish civil war. Roosevelt regretted its impact on the Loyalists and therefore in June 1938 he secretly arranged a shipment of planes through France to the Spanish Loyalists.⁷¹³ In 1938 he also circumvented the Congress and his own military by discreetly allowing French agents to test and buy the latest combat planes.⁷¹⁴ Had Chiang staged a more competent and cautious performance in the opening round of the war at Shanghai, he might have gained Roosevelt's sympathy and obtained indirect, unofficial help through intermediaries with access to the White House. That would have to wait until the

⁷¹² Chennault *Memoirs*, p.39

⁷¹³ Dominic Tierney, 'Franklin D. Roosevelt and Covert Aid to the Loyalists in the Spanish Civil War, 1936-39' *Journal of Contemporary History*, Vol. 39, No. 3 (Jul., 2004), pp. 299-313

⁷¹⁴ John McVickar Haight Jr., 'Roosevelt as Friend of France' *Foreign Affairs*, Vol. 44, No. 3 (Apr., 1966), pp. 518-526

autumn of 1940 and when Roosevelt decided to extend a helping hand to Chiang, he did so primarily to serve American and British interests.

Chapter IV American Volunteers, Russian Volunteers

In September 1937 Major James McHugh (USMC) arrived in China with instructions from the Office of Naval Intelligence (ONI) to gather information on the foreign volunteers working for the Chinese military: Russians, Americans Germans, and Italians. Naval intelligence provided a detailed set of questions about the relationships of the first three nationalities towards each other and towards the Chinese. In the case of Americans, there were three questions: their number and functions, their treatment by the Chinese and their ‘motivation – adventure, pay, sympathy.’⁷¹⁵

After the start of the Sino-Japanese war a few American pilots, mechanics and aircraft agents stayed on in China to pursue different activities for the CoAA and towards the end of the year were joined by a few mercenary aviators who responded to Madame Chiang’s appeal for ‘volunteers’ to form a new international squadron. By the end of the year Madame had asked the Italian air advisers to leave China because of Mussolini’s open support for Japan. In May-June 1938, to Chiang’s regret, Von Ribbentrop recalled most of the German advisers and valuable barter agreements were allowed to lapse.⁷¹⁶ The Americans might have restored their pre-war influence but at the end of November 1937 Russian planes and personnel dispatched by Stalin began to arrive and their ranks steadily grew over the coming year. The Americans and Russians had little to do with each other but were linked through an ill-defined chain of command to the CoAA.

This chapter assesses how the American, Chinese and Russian aviation interests interacted in 1937-1939. It suggests that after the Shanghai offensive, Chiang gave up on his air force and came to rely entirely on Soviet assistance for air operations against Japanese air forces. From a tactical standpoint, American aviation interests contributed little directly to the war effort : they had limited success in training the air force and apart from William MacDonald, they did not engage in combat. In 1937-1940 there were no heroes to compare with Robert Short in the 1932 Shanghai War. Nonetheless Chiang and his entourage kept Americans engaged in China’s military aviation because

⁷¹⁵ CUL,, McHugh, Box 3 Folder 3, ‘Memorandum for Observers Sino-Japanese Operations, 1937’ 30 September 1937, p.2

⁷¹⁶ William Kirby, *Germany and Republican China*, (Stanford,Ca.,1984), pp.235-237

if and when Stalin withdrew his mission, the Chinese would have to cultivate the US government for materiel and aircraft.

Towards the end of 1938 the Roosevelt Administration began to emerge from its shell where China was concerned. Treasury Secretary Henry Morgenthau Jr and the Chinese banker K.P. Chen negotiated a US\$25 million loan to be secured by supplies of Tung oil (an essential ingredient for varnishes and paint): the credit was intended to subsidise Chinese purchases of equipment for the newly constructed Burma Road. This arrangement particularly served the interests of the American motor vehicle industry: American trucks were amongst the very first orders made by the Universal Trading Corporation (UTC) the Chinese purchasing agent which administered the loan. Chiang wanted to capitalise on the Tung (or Wood) Oil Loan by resuming relations with American aviation interests in China.

Circumstantial evidence suggests that Dr. Kung embarked on 'phantom' negotiations with the two main American aircraft brokers in order to create the impression that China was not entirely dependent on Soviet largesse. Kung also wanted to keep his options open in the event that Soviet planes did not come through as promised. Through contracts with Bill Pawley and Pat Patterson, Dr. Kung created the illusion of renewed Sino-American cooperation in aviation following quickly on the heels of the Tung Oil loan. Some observers suspected that from the outset, the Chinese never had any intention of buying American planes for CAF: the Patterson contract, as the entire affair became known, was an elaborate show played primarily for the benefit of Stalin. It was more important to be seen negotiating large aircraft contracts than to actually procure planes.

US policy about American citizens and business in Shanghai

In the opening months of the Sino-Japanese war, the US government searched for a way to deal with the fate of the 10,000 Americans living in China.⁷¹⁷ In early September the

⁷¹⁷ Harold Ickes, *Secret Diary* Vol. II pp.192-193; *FRUS*, 1937 Vol. IV 'the Commander in Chief of the United States Asiatic Fleet (Yarnell) to the Chief of Naval Operations (Leahy)', Shanghai September 6, 1937, pp.307-308

whole situation was ‘an awful mess’ as Roosevelt declared.⁷¹⁸ His instinct was to evacuate all Americans and announce that ‘any American who stayed in Shanghai was doing so at his own risk.’⁷¹⁹ Nonetheless, there were divisions within the country, the cabinet, and the US government about preserving American interests in China. Peace groups and isolationists demanded the withdrawal of all US citizens, military personnel and American businesses in China.⁷²⁰ At the same time foreign missionary organisations and the US Chamber of Commerce appealed for the protection of American business in China. Senator Key Pittman of Nevada called it ‘cowardly and unpatriotic’ to call for the withdrawal of the military from China which would leave American citizens to their fate.⁷²¹

In mid-August Harold Ickes, Roosevelt’s Interior Secretary, reflected his own anti-business bias when he wrote in his diary, ‘as usual, Americans who went abroad to engage in business because of the big profit that they thought they might make expect us to sacrifice thousands of lives if necessary and millions of treasure in an attempt to protect their investments when we can’t do it anyhow.’⁷²² To guarantee the safety of American citizens, President Roosevelt and Secretary of State, Cordell Hull wanted a rapid evacuation. Hull based the objectives of US Far East policy on three principles: ‘(1) avoid involvement ... (2) protect the lives, property and rights of American citizens,’ and [3] ‘absolute impartiality’ to both sides in the conflict.⁷²³

In late September 1937, however, Admiral Yarnell came out with his own robust position: it was the duty and obligation of the US Navy protect American citizens ‘even after our nationals have been warned to leave China.’ Yarnell sympathised with American citizens who were engaged in businesses or professions ‘which are their only means of livelihood.’⁷²⁴ His pronouncements deeply irritated Roosevelt who

⁷¹⁸ Borg, *Far Eastern Crisis*, p.325

⁷¹⁹ Ickes, *Secret Diary* Vol. II, p.193

⁷²⁰ Borg, *Far Eastern Crisis*, pp.324-325

⁷²¹ quoted by Borg, *Far Eastern Crisis* p..326; NYT ‘Pittman explains Neutrality Status’ 24 August 1937, p.3

⁷²² Ickes, *Secret Diary Volume II*, p.209

⁷²³ FRUS, 1937 Vol. III, ‘The Secretary of State to the Ambassador in Japan (Grew)’ Washington, 2 September 1937, p. 507; ‘The Ambassador in Japan (Grew) to the Secretary of State’ Tokyo, 15 September 1937, p.526

⁷²⁴ FRUS, 1937 Vol. IV ‘The Commander in Chief of the United States Asiatic Fleet (Yarnell), to the Chief of Naval Operations (Leahy), [Shanghai] September 22, 1937, p.352; NYT ‘To “Accept Risks”’ 25 September 1937, p.1

complained that the Admiral had not consulted the State Department before holding forth.⁷²⁵ Leahy apologised and promised that it would not happen again. Nonetheless the fracas over Yarnell's statements revealed that debate over the question of American citizens in China involved taking a position for or against confronting Japan.

In addition to evacuation plans, the US government took steps to prevent American citizens, goods and ships from reaching China. Under the Passport Act of 1926, the State Department could restrict the issuance of passports for countries where there was armed conflict or American citizens might be endangered.⁷²⁶ Therefore the Secretary of State only permitted travel to China in exceptional circumstances.⁷²⁷ In late August 1937 the Department stamped all new passports with an awkwardly phrased endorsement to the effect that 'this passport is not valid for travel to or in connection with entrance into or service in foreign naval or military forces.'⁷²⁸

At the same time diplomats in Shanghai tried to trace those Americans already working for the Chinese military in some capacity. On 14 August Gauss reported to the Department rumours that 'American aviators threatened to join Chinese air forces. It is intimated that Colonel Chennault, retired officer United States Army Air Corps, now believed to be at Nanking, is implicated'.⁷²⁹ On 15 August the day after 'Bloody Saturday' Luke Williamson consulted Gauss about his legal status in China.⁷³⁰ He revealed to Gauss that he and other instructors working for the CoAA were expected

⁷²⁵ FRUS, 1937 Vol. IV 'Memorandum by President Roosevelt to the Secretary of State' Aboard Presidential Special, October 2, 1937, p.362 & 'Memorandum by the Secretary of State to President Roosevelt' Washington 4 October 1937, p.363

⁷²⁶ US Code Title 22 Chapter 4 Passports Sec.211a, authority to grant issue and verify passports http://uscode.house.gov/download/pls/Title_22.txt: 'Unless authorized by law, a passport may not be designated as restricted for travel to or for use in any country other than a country with which the United States is at war, where armed hostilities are in progress, or where there is imminent danger to the public health or the physical safety of United States travellers.' The legal basis of the Passport Act has been frequently challenged.

⁷²⁷ FRUS, 1937 Vol.IV 'The Secretary of State to the Ambassador in China (Johnson)' 7 September 1937, p.525

⁷²⁸ FRUS, 1937 Vol.IV 'The Secretary of State to the Consul at Hong Kong (Donovan), 21 August 1937, p.522

⁷²⁹ FRUS, 1937 Vol. III 'The Consul General at Shanghai (Gauss) to the Secretary of State' Shanghai 14 August 1937 noon, p.406

⁷³⁰ FRUS, 1937 Vol. IV 'the Consul General at Shanghai (Gauss) to the Secretary of State' Shanghai 15 August 151937 3pm, p.520

during the present conflict to advice on or direct operations from the ground. He was uncertain if such service for the CAF was in violation of American law.⁷³¹

Hull informed Gauss that Section 4090 of the Revised Statutes applied to the American air instructors in China. Gauss in turn cautioned Williamson that Americans ‘engaged by the Chinese in instructing, advising, and counselling military flying’ came ‘squarely within the purview of the statutes.’⁷³² On receiving this legal opinion, Williamson decided to leave China as soon as possible and requested that Gauss pass the same advice to his colleagues. Gauss soon warned Claire Chennault that he should leave China or face loss of citizenship. Chennault ignored the warning and wrote in his diary, ‘Guess I am Chinese.’⁷³³

Section 4090 of the Revised Statutes (1860) was an obscure law which had hardly ever been used to prosecute Americans abroad. Through various treaties, the US government extended its jurisdiction over US citizens living in five countries, China, Japan, Siam, Egypt and Madagascar.⁷³⁴ Therefore Americans based in these countries were treated as if they were living in US territory and subject to the full force of American law. Section 4090 derived its authority from US laws of neutrality (1794, 1818, 1838) which forbid anyone on US soil to serve, or enlist anyone to serve a ‘belligerent’ state with which the United States itself was at peace.⁷³⁵ China and Japan were de facto ‘belligerents’ even if they had not formally declared war on each other. Therefore the Department tried to use Section 4090 along with passport restrictions to discourage Americans from engaging in the Chinese military.

Section 4090 constituted threat enough to induce Williamson to return to the United States and Chennault to keep a low profile. As James McHugh observed a few months later, Chennault did not see anyone in Nanking ‘partly because he and his crowd were afraid of the status of their citizenship and partly because he did not want to

⁷³¹ FRUS, 1937 Vol. IV Gauss to the Secretary of State 15/8/37, p.520

⁷³² FRUS, 1937 Vol. IV ‘the Secretary of State (Hull) to the Consul General at Shanghai(Gauss)’ Washington, 17 August 1937, 7 pm, p.521

⁷³³ Chennault, *Memoirs*, p.51

⁷³⁴ *A Century of Lawmaking for a New Nation: U.S. Congressional Documents and Debates, 1774 – 1875 Statutes at Large* 43rd Congress 1st Session Volume 18 Part 1 *Revised Statutes* Title XLVII Foreign Relations section 4083 p.787 for countries where US law has jurisdiction

⁷³⁵ Albert H. Washburn, ‘The American View of Neutrality’ *Virginia Law Review*, Vol. 2, No. 3 (Dec., 1914), pp.166-168

compromise his position with the Chinese.⁷³⁶ Chennault certainly was not as well known to the diplomatic community as the other two foreign air advisers Garnet Malley or Silvio Scaroni. For nearly a year, the British air attaché Wing Commander Kerby referred to him as ‘Colonel Schnault’ presumably because he never saw his name written down.⁷³⁷

On 1 September Madame Chiang complained to Ambassador Nelson Johnson that the US government had persuaded American instructors to give up their work in China.⁷³⁸ She argued that the US government was being ‘unneutral’ in depriving China of instructors to train pilots for American aircraft which made up 90 % of the CAF fleet.⁷³⁹ She pointed out that Italian and German advisers continued their work for the Chinese military and that their personnel would not be required to participate in the fighting.⁷⁴⁰

On 7 September Hull issued guidance for Nelson Johnson’s response to Madame Chiang: in the view of the American people, any instructor assisting Chinese pilots during hostilities was himself in the military service of the Chinese government. The attitude of the US government was not ‘arbitrary’ but ‘taken in response to the strong beliefs of the American people’ that American citizens should avoid involvement in foreign wars, avoid living in or travelling to war zones.⁷⁴¹ Any American volunteers already in China who chose to fight on China’s behalf would be liable to prosecution under Section 4090.⁷⁴²

Johnson, however, was reluctant to enforce this obscure statute. On 7 September he explained to Hull that having found no precedent for its application in China, he did not want to be the first to use it.⁷⁴³ A week later, on 15 September Hull conceded the point: the government did not want to impose hardship on any aviators or military advisers

⁷³⁶ CUL, McHugh, Box 1, Folder 2, ‘To Commander H.E. Overesch (USN)’, 23 February 1938 p.2

⁷³⁷ See below, fn.748

⁷³⁸ FRUS, 1937 Vol. IV ‘The Ambassador in China (Johnson) to the Secretary of State’ Nanking 1 September 1937, pp. 523-524

⁷³⁹ FRUS, 1937 Vol. IV Johnson to Secretary of State 1/9/37, pp. 523-524

⁷⁴⁰ FRUS, 1937 Vol. IV Johnson to Secretary of State 1/9/37, pp. 523-524

⁷⁴¹ FRUS, 1937 Vol. IV ‘The Secretary of State to the Ambassador in China (Johnson)’ Washington, September 7 1937, p.524-525

⁷⁴² FRUS, 1937 Vol. IV The Secretary of State to Johnson 7/9/37, p.525

⁷⁴³ FRUS, 1937 Vol.IV ‘The Ambassador in China (Johnson) to the Secretary of State’ Nanking 10 September 1937, p.525

who had started their employment *before* hostilities commenced. Nor did the US government want to arouse any further bad feeling with a 'friendly government' such as China which was just trying to 'go about its legitimate affairs.'⁷⁴⁴

For Claire Chennault, Bill Pawley, Bruce Leighton and other American aviation experts opportunities in wartime China were more promising than the alternatives in the United States. Chennault had grandiose schemes for bombing Japan while Intercontinent's directors hoped to keep business alive by resupplying the depleted CAF fleet. Other Americans also made their way to China for adventure, pay and possibly sympathy. In the autumn of 1937 Madame Chiang took steps to form an international volunteer squadron in which Claire Chennault and Intercontinent became directly involved. Aviation experts whose employment with the Nationalists pre-dated the war were also allowed to return to China. Ed Wingerter a pilot/mechanic who had served with the Jouett Mission came back to China in December 1937.⁷⁴⁵ His journal provides a rare insight into Madame's International Volunteer Squadron in the winter of 1937-1938.⁷⁴⁶

The First International Volunteer Force

Soon after the Marco Polo Bridge incident, Madame asked Garnet Malley to organize the recruitment of foreign pilots for two new bomber squadrons through China's diplomatic network.⁷⁴⁷ On 10 August 1937 Wing Commander Kerby reported that 'Major Schnault' would vouch for a pilot named Schmidt to command the foreign volunteers: he was one of seven or eight pilots recruited by the Chinese embassy in Paris.⁷⁴⁸ In his memoir, Chennault referred only once to Schmidt as 'a fellow ... [who] claimed to have flown with the Finns.'⁷⁴⁹ Vincent Schmidt's obituary in the *New York*

⁷⁴⁴ FRUS, 1937 Vol.IV 'The Secretary of State to the Ambassador in China (Johnson) Washington, 15 September 1937, pp.528-529

⁷⁴⁵ NARA, RG 38 E-98 Box 136, File A-1-u Register no. 7348 Folder Aeronautic personnel, schools, training etc. China 1916-1935, 'Memorandum of Conversation H.T. Rowland Chief of the Flying and Ground school Hangchow ' Shanghai, May 10, 1935

⁷⁴⁶ Private Collection 'From the journal of Ed Wingerter' a typed transcript (pdf), by courtesy of his son Captain E. Wingerter USN

⁷⁴⁷ TNA, FO/371/20968 F 6113/31/10 'Suggested formation of foreign Legion Bomber Squadrons and use of foreign pilots in Chinese Air Force' 30 July 1937, p.279

⁷⁴⁸ FO/371/20969 F10339/31/10 'Chinese Air force: foreign legion bomber Squadrons' 10 August 1937 p.94 & TNA, FO/371/20954 F5819/9/10 'Despatch [sic] of Soviet aeroplanes to China' August 28, 1937: 'Decypher Mr Gage 28 August 1937', p.233

⁷⁴⁹ Chennault, *Memoirs*, p.70

Times revealed that after serving in China he went on to Finland as a volunteer in the Winter War early in 1940.⁷⁵⁰ He came to China from Paris after fighting with Haile Selassie's small air force against the *Regia Aeronautica* in 1936 and for the Loyalists in Spain.⁷⁵¹

In November the Chiangs' pilot Julius Barr checked out nine volunteers and accepted two for immediate military assignments.⁷⁵² There may have been only three recruits who had the necessary qualifications for bomber missions while two others were to receive more training.⁷⁵³ As Wingerter commented on 23 December the Foreign Legion was 'training day and night' but 'contrary to all reports' the pilots had 'not seen much action up to the present time.'⁷⁵⁴ One of the pilots, Elwyn Gibbon later described his experience in *Colliers* magazine: his fellow volunteers were like 'firemen' because their chief task was to fly their aircraft to safety at the first sign of a Japanese air raid.⁷⁵⁵

Intercontinent provided Vultee 'fast attack' bombers for the international volunteers who flew 'Vultee attack ships for light bombing and Martins for the heavy stuff.'⁷⁵⁶ In 1936 the Kwangtung Air Force ordered these 'fast attack bombers' which their commanders felt should become the backbone of the Cantonese air force.⁷⁵⁷ Before the war broke out, CAMCO assembled five but the rest were not built until factory operations were restored at Hankow in late November 1937.⁷⁵⁸

On 5 December 1937 Leighton summarised a long conversation with Chennault in a letter to Pawley: 'he's got nothing to do with the Russian operations or the Chinese just now. He's concentrating his attention on building up the American show, and he's

⁷⁵⁰ *NYT* 'Vincent Schmidt, Mercenary Flyer' October 23, 1962, p.36

⁷⁵¹ *NYT* Schmidt 23/10/62, p.36

⁷⁵² Edward L. Leiser 'Memoirs of Pilot Elwyn H. Gibbon the Mad Irishman' *JAAHS* Spring, 1978 p.4

⁷⁵³ Leiser, Gibbon, p.4

⁷⁵⁴ PC Wingerter Journal, December 23, 1937, p.7

⁷⁵⁵ Elwyn Gibbon, 'Commuting to War' *Colliers*, November 12, 1938, p.71

⁷⁵⁶ Gibbon, Commuting, p.71

⁷⁵⁷ NARA, RG 38 Box 96 File A-1-Q Register No. 12592 - C Folder, Aeronautics in China various 1930-1935 Report no. 526 'Canton (Kwangtung), Air Force December 21, 1935' by Lt-Commander R.A. Ofstie, p.2.

⁷⁵⁸ BGLA, Folder China Misc. Correspondence 'Leighton to Carl Dolan', Hankow, 28 November 1937, p.2: Intercontinent took over the old Socony candle factory on the dock at Hankow.

counting heavily on the Vultees.⁷⁵⁹ The following day, Leighton also referred to Chennault's interest in Martin bombers which 'were likely to be part of his special show.'⁷⁶⁰ The first six Martin bombers had arrived in early March 1937 and were assembled by late June 1937.⁷⁶¹ Leighton noted in September 1937 that they 'proved to be 'beyond the capacity of existing piloting and ground maintenance facilities: three Martins...crashed (not the result of enemy action).'⁷⁶² On 14 October 1937 Chinese pilots attempted to fly two Martins for an attack on the Japanese in Shanghai but they crashed soon after take-off: in his diary Chiang noted that the weakness of Chinese pilots in managing heavy bombers.⁷⁶³

In late November 1937 three more Martin bombers were on their way to China and reached Hong Kong in early December.⁷⁶⁴ Chennault's 'special show' probably included bombing Japan. In mid-October Ambassador Johnson was aware of such a plan and expressed his hope to Chinese authorities that they would not make 'the mistake of using American or other foreign aviators to take large bombing planes to Japan for the purpose of demonstrating their ability to bomb Japanese cities.'⁷⁶⁵

On 31 January 1938 Ed Wingerter wrote in his journal that the oldest of the Martin bombers had 10 hours flying time and 'several were cracked up on the test hop,'⁷⁶⁶ As Wingerter commented, 'since the beginning of the war China has lost many more ships [planes] cracked-up by Chinese pilots, than the number shot down by the Japs.'⁷⁶⁷ The Vultees posed as many problems as the Martins: on 22 January 1938 Leighton wrote to Pawley, 'you can curse the pilots and crews, but they on their part have plenty of reason

⁷⁵⁹ BGLA, Folder China Misc. Correspondence, 'Leighton to Pawley, Sunday eve' 5 December 1937

⁷⁶⁰ BGLA, Folder China Misc. Correspondence, 'Leighton to Pawley (Hongkong)', Hankow, 6 December 1937

⁷⁶¹ TNA, FO/371/20968 F5480/31/10 20 'United States aviation interests in China' 20 Aug 1937, p.261

⁷⁶² BGLA, Folder China Misc. Correspondence 'Leighton to Pawley', 20 September, 1937, p.2

⁷⁶³ HISU, Chiang Diaries Box 39, Folder 16, entry for 15 October 1937

⁷⁶⁴ PC Wingerter Journal, 27 November 1937, p.4; TNA, FO/371/20968, F5480/31/10 20 'United States aviation interests in China' 20 Aug 1937, p.261

⁷⁶⁵ FRUS, 1937 Vol. III 'The Ambassador in China (Johnson) to the Secretary of State' Nanking October 12, 1937 3pm, p.603

⁷⁶⁶ PC Wingerter Journal, 31 January 1938, p.13

⁷⁶⁷ PC Wingerter Journal, 31 January 1938, p.13

to curse the ships... Out of ten ships, three complete washouts, plus five crack-ups of more or less serious nature, all before the first service mission.’⁷⁶⁸

The international air force may have comprised only five competent fliers, two Martin bombers and six Vultees. Evidence is equally thin about the missions which the volunteers carried out. Among Gibbon’s papers was a report dated 7 February about a raid carried out in six Vultees on Japanese troops at Pengpu, a strategic railway junction near the Yellow River.⁷⁶⁹ A detailed British intelligence report in 1938 mentioned at least three other missions; on 15 February a squadron of Vultee bombers raided the Japanese airfield at Changteh (North Honan) and on 21 February they bombed troops at Tsining (Jining, Shandong) and Fengyang (Anhui province).⁷⁷⁰ On 24 February ‘probably’ the same Vultee squadron struck at Sinsiang (Xinxiang, Honan).⁷⁷¹ Gibbon’s papers refer to a fifth mission on 27 February when the International Squadron flew five Vultees and one Northrop to attack Japanese targets on the Yellow River, 115 miles east of Loyang.⁷⁷²

The sixth and final mission was abortive. Gibbon noted that on 15 March Schmidt had asked him to organize a bombing mission and the following day, Gibbon, Jim ‘Tex’ Allison and their Chinese crews flew two Martin bombers to Chengdu where they awaited orders for an unknown assignment.⁷⁷³ At the last minute, Chennault asked Colonel Hsu to join Gibbon and Allison at Chengdu. Hsu, who reached the airfield before the American volunteers, denied them access to the Martin bombers. In a note to Gibbon, Hsu let him know that he had taken over the bombers and that the two American volunteers should return from Chengdu to Hankow on Eurasia airlines: ‘Now your duty here is finished! You have another duty in Hankow, I hope.’⁷⁷⁴ Hsu then assumed command of the 14th Bombing Squadron and on 22 March the International 14th Squadron was disbanded.⁷⁷⁵

⁷⁶⁸ BGLA, China Misc. Correspondence Leighton to Pawley, ‘This is All Re Vultee Bugs and Washouts’ New York Office’ Hankow 22 January 1938, p.4

⁷⁶⁹ Leiser, Gibbon, p.8

⁷⁷⁰ TNA, Air/2/3558, ‘Air Operations during Sino-Japanese Hostilities 1938 Report by Air attaché Shanghai’ 25/1/39, p.8

⁷⁷¹ TNA, Air/2/3558, British Air Ops 1938 25/1/39, p.8

⁷⁷² Leiser, Gibbon, p.10

⁷⁷³ Leiser, Gibbon, p.10

⁷⁷⁴ Leiser, Gibbon, p.10

⁷⁷⁵ Leiser, Gibbon, pp.10&12

There were conflicting accounts about the collapse of this volunteer group. James McHugh understood that there had been friction between the foreign pilots and the Chinese about staging a raid over Japan for which the volunteers demanded a bonus of US\$30,000.⁷⁷⁶ Another version of this story is that nine pilots wanted to be paid CH \$3 million to use nine Northrop bombers to bomb Japan, which the Chinese considered too high a price.⁷⁷⁷ It was also reported that the Chinese had rejected the Vultees as 'no good' but lost face when the volunteers succeeded in using them in several raids.⁷⁷⁸

In *Way of a Fighter* Chennault provided his own version of events: Japanese spies in Dump Street (the Red Light district of Hankow) overheard the pilots talking about a mission; the next morning a Japanese bomber dropped a single one hundred pound bomb under a parked bomber's wing which set fire to the entire row of bombers; 'what was left of the Chinese bombing force vanished in five seconds of fame and dust. With it went the jobs of International Squadron pilots.'⁷⁷⁹ Chennault blamed the foreign volunteers for the failure of operations under his command in much the same way as he held the Chinese aviators responsible for 'Bloody Saturday.'

There is no evidence, however, that Vultee bombers or any other aircraft were demolished during a morning raid in March 1938. No such incident appears in a British intelligence report, 'Appendix "D" Summary of Japanese Air Raids against Hankow 1938' which provided the exact time of Japanese attacks on the airfield, weather conditions and damage to Chinese aircraft in 1938.⁷⁸⁰ As the British report revealed, the Japanese tended to conduct night raids, usually by moonlight, on Chinese airfields whenever the weather was clear. On the night of 14 March the Japanese destroyed 3 Russian S.B. bombers on the ground and on the night of 15 March (also clear) demolished 5 Russian fighters and 1 Martin: there were no raids between 16 and 27 March because of bad weather.⁷⁸¹ The worst damage to the Vultees occurred long after the disbandment of the volunteer squadron. On 19 May a Japanese raid at 8.30 am destroyed one Vultee, two Russian bombers and one Bellanca while damaging two

⁷⁷⁶ CUL, McHugh, Box 2, Folder 13 'Confidential The Chinese Air Force' 6 May 1938, p.1

⁷⁷⁷ TNA, FO/371 /23463 F 3687/118/10 'Report on Chinese Air Force' 17 April 1939, p.32

⁷⁷⁸ CUL, McHugh 'CAF' 6/5/38, p.3

⁷⁷⁹ Chennault, *Memoirs*, p.71

⁷⁸⁰ TNA, Air/2/3558 British Air Ops 1938 25/1/39, Appendix "D"

⁷⁸¹ TNA, Air/2/3558 British Air Ops 1938 25/1/39, Appendix "D"

Vultees and a Hawk.⁷⁸² The British also observed that Japanese air intelligence was extremely poor and ‘their information concerning aerodromes occupied by the Chinese appears to have been strangely amiss.’⁷⁸³ On 20 May 1938 Japanese intelligence failed to detect a mission involving the two Martin bombers which Chinese crews flew over Nagasaki and Osaka to release propaganda leaflets: Ed Wingerter commented in his diary ‘incendiary bombs would have been more effective in my opinion.’⁷⁸⁴

Contrary to Chennault’s account the volunteer squadrons had some limited success despite the lack of planes and personnel. They flew at least five missions in February 1938 mainly against Japanese troop concentrations near railways in Central China. Leighton had described the volunteer squadrons as Chennault’s ‘special show’ but Ed Wingerter’s journal reveals how little time Chennault actually spent in Hankow with the volunteers: repairs to his Hawk 75 (then his personal plane -- a gift from Madame) and bad weather kept him in Nanchang for weeks on end in January-February 1938.⁷⁸⁵

Several factors contributed to the demise of the volunteer force. First their patron, Madame Chiang resigned as head of the CoAA at the end of February 1938. T.V. Soong reluctantly replaced her and delegated authority over all operations to the Soviet Air Mission. Finally there was no need to pay these foreign pilots CH \$1,000 per month when Stalin provided hundreds of aircraft as well as personnel at the same salary as Chinese pilots.⁷⁸⁶ With the Soviet Air mission in place, the International Volunteer Group became redundant and so did other American aviation interests.

Operation Zet (Z) 1937-1938

The Russian air mission to China has received relatively little attention in the west but as the historian Steven I. Levine has pointed out, in the Soviet Union, it gave rise to a kind of ‘heroic legend ...which plays a role much as the legend of Chennault’s

⁷⁸² TNA, Air/2/3558 British Air Ops 1938 25/1/39, Appendix “D”

⁷⁸³ TNA, Air/2/3558 British Air Ops 1938 25/1/39, p.69

⁷⁸⁴ PC, Wingerter Journal, May 20, 1938, p.35

⁷⁸⁵ PC Wingerter Journal, entries from 20 December 1937 to 16 February 1938

⁷⁸⁶ TNA, FO/371 /22139 F877/298/10 ‘Russian Aircraft for China’ 20 January 1938, p.159: C.B.R Pelly Air Ministry to Henderson 19 January 1938, p.153

American Volunteer Group – the famous Flying Tigers -- ...in the United States'.⁷⁸⁷ The Soviet air programme lasted four years and provided nine times the number of aircraft and pilots as the AVG. Like an unseen planet it exerted a gravitational force on the politics of airpower in Sino-American relations in 1937-1940.

In April 1937 the Soviet ambassador to China, Dimitri Bogomoloff gave an off the record interview to Andrew Billingham, the *New York Times* correspondent about the rapprochement between his government and the Nationalists: he reported that the Soviet Union was prepared to support rather than oppose the Nanking regime because Chiang had virtually unified China and was the 'stabilizing and paramount force' in the country.⁷⁸⁸ Billingham inferred from Bogomoloff that the talks were of a 'politico-economic military nature' and might involve relaxation of Soviet control over Sinkiang and Outer Mongolia. Sinkiang under its warlord Sheng Shi-cai had been in the Soviet sphere of influence since the early 1930s.⁷⁸⁹

From the mid 1930s Chiang wanted to normalise relations with the Soviet Union in the hope of obtaining Stalin's support against Japan in the event of armed conflict.⁷⁹⁰ After the incident at the Marco Polo Bridge, Chiang viewed Soviet military assistance as 'the most critical factor' for waging protracted warfare with Japan.⁷⁹¹ Following many months of negotiation, on 21 August 1937 Chiang signed a non-aggression pact with the Soviet Union, which the Chinese foreign ministry announced on 28 August.⁷⁹²

The Russians referred to the air aid programme as 'Operation Zet (Z)'.⁷⁹³ The agreement provided a credit of CH\$100 million (US\$30 mn) which was increased to US\$50 million in May 1938 through the efforts of Sun Fo, Chiang's principal envoy to Stalin.⁷⁹⁴ That month, Yang Jie, a trusted military colleague of Chiang became the

⁷⁸⁷ Aleksandr Ya. Kalyagin, *Along Alien Roads* (New York, 1983), p.11

⁷⁸⁸ FRUS, 1937 Vol.III 'The Consul General at Shanghai (Gauss), to the Ambassador in China (Johnson), Shanghai April 21, 1937, pp.69-70

⁷⁸⁹ See James A Millward, *Eurasian Crossroads* (New York, 2007), pp.185-186, pp.198-201 & pp. 206-211

⁷⁹⁰ John Garver, 'Chiang Kai-shek's Quest for Soviet Entry into the Sino-Japanese War' *Political Science Quarterly*, Vol.102, No.2 (summer, 1987), p.300

⁷⁹¹ Garver, Chiang, p.301

⁷⁹² Garver, Chiang, p.302

⁷⁹³ Anatolii Demin and Vladimir Kotelnikov, 'Soviet Bombers in China (1937-1946),' *Aviatsiia i Kosmonavtika* 3.1999 translated by George M Mellinger:

http://www.jaircraft.com/research/George_Mellinger/soviet_bombers_in_china.htm

⁷⁹⁴ Young, *China and the Helping Hand*, p.22; FRUS, 1938 Vol. III 'The Chargé (Henderson) in the Soviet Union to the Secretary of State', Moscow, 5 February 1938, p.70

Chinese Ambassador to the Soviet Union. Yang tended to exaggerate the prospects for Soviet entry into the war and progress on assistance. He also became involved in arms dealing and other schemes, preferring to spend more time in Paris than Moscow.⁷⁹⁵ In the spring of 1939 Sun Fo complained frequently of his unreliability and arrogance but Chiang left him in place: he was one of the officers from the Northern Expedition whom Chiang treated with blind loyalty.⁷⁹⁶

By October 1938 the Chinese had exhausted the first two loans which had been provided at the rate of 3 % p.a., to be repaid over a period of 5-10 years.⁷⁹⁷ Chiang instructed Sun Fo to seek a third loan of US\$150 million and negotiations started in March 1939. In mid May however, Stalin's Foreign minister Kliment Voroshilov suddenly suspended these talks because of allegations coming out of the Chinese embassy that the Soviet Union would soon come to China's rescue.⁷⁹⁸ The move created a crisis for Chiang who almost begged Stalin to resume negotiations: a third agreement was eventually signed in June 1939 but took longer to take effect than the first two credits. As Chiang openly criticized Stalin over the winter war with Finland, there was a parting of the ways and the level of aid to China began to decline during the first half of 1940.⁷⁹⁹

At the outset, Chiang's representatives in Moscow had requested 350 planes, 200 tanks, and 236 field tanks.⁸⁰⁰ By the end of August 1937 the British air attaché understood that the Soviet Union planned to send 200-300 airplanes to China as well as pilots.⁸⁰¹ In late September 1937 the Russians started to deliver equipment worth CH\$485 million (US\$143 million) including 62 heavy bombers, 62 fighter-bombers and 101 fighters (I-

⁷⁹⁵ John Garver, *Chinese-Soviet Relations 1937-1945: the diplomacy of Chinese Nationalism* (New York, 1988), pp.24-25& pp. 42-43

⁷⁹⁶ Garver, *Chinese-Soviet Relations*, p. 47

⁷⁹⁷ Kalyagin, *Alien Roads*, p.10

⁷⁹⁸ Garver, *Chinese-Soviet Relations*, p.47

⁷⁹⁹ Garver, *Chinese-Soviet Relations*, pp.104-105

⁸⁰⁰ Yu Maochun, *The Dragon's War: Allied operations and the Fate of China 1937-1947* (Annapolis MD, 2006), p.13

⁸⁰¹ TNA, FO/371 /20954 F5819/9/10 'Despatch of Soviet aeroplanes to China' August 28, 1937, p.231

15s & I-16s).⁸⁰² By the middle of 1938, the Chinese let it be known that they had supplies for another year of war, largely thanks to the USSR.⁸⁰³

The Generalissimo resented Stalin's helping hand but had little choice because of China's mounting debt problems and the collapse of his own air force.⁸⁰⁴ On 3 December 1937 Chiang wrote in his diary that Russian deliveries would probably not be enough to sustain regular operations. He found the Soviet military officers arrogant: 'when we have suffered defeat, we get insulted' he wrote on 4 December.⁸⁰⁵ Chiang was convinced that the Russian air force personnel were afraid of death and placed a burden on the CAF, 'doing more harm than good.'⁸⁰⁶ US Naval intelligence also reported that the Russians did not seem 'to readily step forward for combat with the Japanese.'⁸⁰⁷ In early December however, Russian pilots had every reason for 'going slow.' They were awaiting the outcome of German mediation for a settlement to the war. In this period, Chiang also received communications which made him realise that Stalin would never commit Russian troops to China.⁸⁰⁸ In his diary on 6 December 1937, he wrote that he saw no further hope in Germany or Russia and that China would have to rely on herself.⁸⁰⁹

During the first half of 1938, however, the Russians made up for their slow start: in January-February alone Russian crews carried out 150 bombing missions.⁸¹⁰ According to British intelligence, Chinese aviators with support from Russian units, put up strenuous resistance to Japanese attacks and conducted effective bombing missions against enemy positions along the Yangtze River.⁸¹¹ On 23 February Soviet squadrons conducted a surprise attack on the main Japanese airbase in Taiwan which the Japanese avenged with raids on Chinese airbases in South China the following day: this attack was given considerable publicity in the Soviet Union because it fell on the 20th

⁸⁰² Yu, *Dragon's War*, p.13

⁸⁰³ FRUS, 1938 Vol.III, 'The Ambassador in China (Johnson) to the Secretary of State' Hankow, 5 July 1938, p.214

⁸⁰⁴ HISU, Chiang Diaries Box 39, Folder 18, December 1937

⁸⁰⁵ HISU, Chiang Diaries Box 39, Folder 18, December 1937

⁸⁰⁶ HISU, Chiang Diaries Box 39, Folder weekly summary for first week of December 1937

⁸⁰⁷ NARA, RG38 Box147 File A-1-u Register no. 21750 Folder Foreign Aviators in China 1935-1938 'Russian Aviators and Activity in Hankow' 14 January 1938, p.3

⁸⁰⁸ HISU, Chiang Diaries Box 39, Folder 5, December 1937

⁸⁰⁹ HISU, Chiang Diaries Box 39, Folder 6, December 1937

⁸¹⁰ Wagner, *Prelude to Pearl Harbor*, pp. 27-28

⁸¹¹ TNA, Air/2/3558, British Air Ops 1938 25/1/39, p.15

anniversary of the Red Army.⁸¹² Soviet pilots made up the majority of squadrons that defeated the Japanese in the largest air battle of the Sino-Japanese war over Wuhan on April 29 1938.⁸¹³ By August 1938, according to a British air attaché report, the Russians were ‘taking over complete control of aerial activities on the flank of Yangtze and defence of Hankow.’⁸¹⁴

The Soviet contribution to China’s war effort in terms of personnel outweighed that of any other nationality before Pearl Harbor. The first group of 30-40 aviators arrived in Hankow in December 1937.⁸¹⁵ Over the course of 1937-1940, 2,000 Russian aviators served in China and as many as 3,665 military advisers in all (including the pilots).⁸¹⁶ In February 1939 a British air attaché R.S. Aitken reported that the Russian pilots received CH\$500 a month, (approximately US\$82) half that of an international volunteer and a fraction of the US\$15,000 which Claire Chennault received.⁸¹⁷ Nor was Soviet participation in China’s war risk-free. T.V Soong commented to James McHugh on the number of Russian pilots who gave their life fighting for China.⁸¹⁸ An estimated 200 Russian airmen died in China between 1937 and 1939.⁸¹⁹

Russians based in China soon became disenchanted with their Chinese counterparts. In December 1938 an adviser complained that of the 320 planes provided to the Chinese during the war, 200 were ‘completely used or destroyed; he recommended that the Soviets should send no more aircraft to the Nationalists’.⁸²⁰ Nonetheless Stalin continued to send planes to the Nationalists, in 1937-1941 nearly 900 planes in all, of which 80 % were delivered by the end of 1939.

⁸¹² TNA, Air/2/3558, British Air Ops 1938 25/1/39, p.37-38

⁸¹³ Wagner, *Prelude to Pearl Harbor*, pp.27-28

⁸¹⁴ TNA, FO 371 22040 F8289/1/10 3 August 1938 ‘Aerial activities around Yangtze and Hankow’, p.197

⁸¹⁵ NARA, RG 38 E-98 Box 147, File A-1-u Register no. 21750 Folder Aviators in China 1935-1938 ‘Report no.16 ‘Russian Aviators and Activity in Hankow’ 14 January 1938

⁸¹⁶ Garver, *Chinese-Soviet Relations*, pp.40-41

⁸¹⁷ TNA, FO/371/23463 F 3687/118/10 ‘Report on Chinese Air Force’ 17 April 1939, p.31

⁸¹⁸ CUL, McHugh, Box 2 Folder 13 ‘The Chinese Air Force’ 7 June 1938, pp.1-4

⁸¹⁹ ‘Soviet Military aid to China 1937-1939’ by 1JMA member Skoreny, <http://www.1jma.dk/articles/1jmachina.htm>: Skoreny cites Y Chudodeev ‘Defending Chinese Skies’ in *On the Eve* ed. N. Yakovlev, O. Stepanova, E. Salynskaja (Moscow, 1991), pp. 118-127 and ‘On the Chinese soil’ *Nauka* (Moscow, 1977),

⁸²⁰ TNA, AIR/40/1362 ‘A.I Report 21835 19/12/38 ‘Document re aid given to China by USSR

T.V. Soong and the Soviet Mission

By February Madame was exhausted as well as disappointed by her failure to reform the Air Force and to eliminate corruption. She resigned from the CoAA and Chiang asked T.V. Soong to replace her in accordance with her wishes.⁸²¹ At first Soong refused and asked Chiang if there was not a military man that he could appoint: Chiang replied 'not one,' expressing his habitual distrust of air force officers. On 27 February 1938 Soong accepted the new post of vice-Chairman of the CoAA.⁸²²

Dr. Kung also receded into the background. In early April 1938 Bruce Leighton wrote to Bill Pawley that Kung was 'relinquishing all initiative in the purchase of aircraft... and passing it all over into the hands...of T.V': with Kung out of the picture, however, P.T. Mow would be 'likely to have more to say in the selection of types than any one man short of T.V.'⁸²³ Mow became the top liaison officer with the Soviet mission because he spoke the language and had been trained as an aviator in the Soviet Union.⁸²⁴ On 20 March 1938, Leighton wrote to George Sellett that Mow 'had a Soviet adviser sitting at his elbow in the same office at the CoAA.'⁸²⁵

The Soviet mission redressed the balance of power between the clique of Chinese officers at the top of the CoAA and the Chiang/Soong clan. As McHugh noted, in previous years, the Chiangs' foreign advisers had gone over the heads of Chinese officers to advise the Chiangs on procurement and tactics.⁸²⁶ Soong gave the CoAA generals 'a chance to interpose themselves completely between the source of supply and the Generalissimo or Soong, thus leaving the latter dependent upon them for all advice as to policy and themselves safe from outside interference'.⁸²⁷

⁸²¹ TNA, FO/371/22139 F 2605/298/10 'Control of Chinese Air Force; activities of Mr. Soong' 7 March 1938, p.258

⁸²² CUL, McHugh Box 2 Folder 13, 'Political Situation 18 September 1938', p.8

⁸²³ BGLA, Folder Misc. Chinese Correspondence 'Leighton to Pawley March 27 – April 3, 1938', pp.1&7

⁸²⁴ CUL, McHugh Box 2 Folder 13 'CAF' 6/5/38, p.6

⁸²⁵ BGLA, Folder Misc. Chinese Correspondence Leighton to George Sellett 20 March 20, 1938, p.3

⁸²⁶ CUL, McHugh Box 2 Folder 13 'CAF' 7/6/38, p.5

⁸²⁷ CUL, McHugh Box 2 Folder 13 'CAF' 7/6/38, p.4

On 7 March 1938 McHugh reported to ONI that T.V. Soong planned to delegate management of air force operations to the Russians since China was 'chiefly dependent' upon them for all air force supplies.⁸²⁸ In April the British ambassador Sir Archibald Clark-Kerr also noted that whereas Madame had 'resisted the increase of the Soviet element,' T.V. Soong fully accepted Soviet support owing to shortage of funds and delivery problems.⁸²⁹ In May 1938, Soong told McHugh of his plan to recruit another large foreign legion but confessed that for the time being, he would depend on the Russians because they provided an 'unlimited supply' of planes 'on credit which China sorely needs' and personnel for fighting as well as training.' Since most Russian planes were equal if not superior to those of other powers, the air force would benefit from aircraft standardization 'the lack of which has heretofore admittedly been a serious drawback.'⁸³⁰ By contrast, Soong pointed out that the USA sent nothing but 'superseded models' on a cash basis only.⁸³¹

Americans and the Russian Mission

In 1938-1939 Americans openly admired the Russians. On 5 March 1938, Ed Wingerter wrote in his diary about the discipline of the Russian crews who worked 'like slaves': they kept to themselves playing cards under the wing of their plane 'constantly on the alert for alarms and in the event the alarm is sounded they work like clockwork, each man has his job and in a very few minutes all ships are in the air.'⁸³² Their planes were 'extremely fast...300 miles per hour and above all they are very simple in construction. The retractable landing gear on their pursuit is so simple a baby could make one.'⁸³³ Although Wingerter had limited interaction with the Russians, he made one of the most important contributions to their operations in China by singlehandedly fitting two synchronised 30 calibre machine guns on most of their pursuit planes from mid December 1937 to April 1938.⁸³⁴

⁸²⁸ CUL, McHugh Box 2 Folder 12, 'Airforce Administration' 7 March 1938, p.2

⁸²⁹ TNA, FO/371/22139 F 8132/298/10 'Strength of Soviet Air Group in Chinese Air Force' 28 July 1938, p.270

⁸³⁰ CUL, McHugh Box 2 Folder 13 'CAF 6/5/38, pp.4-5

⁸³¹ CUL, McHugh Box 2 Folder 13 'CAF' 7/6/38, p.5

⁸³² PC, Wingerter Journal March 5 1938, p.20

⁸³³ PC, Wingerter Journal 5/3/38, p.20

⁸³⁴ PC, Wingerter Journal, passim 19/12/37 – 21/4/38, p.20

In Leighton's view, there was no doubt that even if the Chinese had been reluctant to call upon Soviet help, without their planes and pilots, there would be nothing to prevent the Japanese bombing where and when they liked.⁸³⁵ Like Wingerter he admitted that American planes were not as good as Russian: 'neither the Seversky nor the Hawk 75 has anything like the manoeuvrability of the lighter ships out here...Further than this, the Hawk 75, by comparison with the Russian ships is very complicated and there are those who are quite sceptical of the Chinese pilots' ability to handle it properly.'⁸³⁶ Leighton also regarded the Soviet mission as the largest single threat to Intercontinent's business. Since the Russians offered planes 'at costs that are much lower than anything that we can quote' prospects for sales of American plans were 'far from brilliant'.⁸³⁷ The slow delivery of components also undermined Intercontinent. In late March Leighton could not bear to tell either Peter Mow or Chennault that thirty Hawk 75s might not be ready before the autumn of 1938.⁸³⁸ Hawk III biplanes ordered in August 1937 would not be ready until September 1938, by which time it would be considered obsolete.⁸³⁹ Since it no longer stood up to the performance of the British Gloster Gladiator or the Russian biplanes, there would be no further orders of the Hawk which had been the mainstay of Intercontinent's China sales for several years.⁸⁴⁰ Given the 'sour' experience with the Vultees and the logistical problems with the Curtiss Hawks, Leighton concluded that 'the prestige of American equipment in China has suffered very greatly in the past few months.'⁸⁴¹

Bill Pawley and Bruce Leighton were not the only Americans who felt a loss of influence because of the Russians. Times were equally difficult for Claire Chennault and American instructors who used the remaining American aircraft in the CAF fleet to train air force cadets. By June 1938 Chennault was so dissatisfied with conditions in the CoAA that he was ready to quit.

⁸³⁵ BGLA, 'Leighton to Sellett' 20/3/38, p.3

⁸³⁶ BGLA, 'Leighton to Pawley' 3/4/38, p.10

⁸³⁷ BGLA, 'Leighton to Pawley' 3/4/38, p.3

⁸³⁸ BGLA, 'Leighton to Pawley' 3/4/38, p.11

⁸³⁹ BGLA, 'Leighton to Pawley' 3/4/38, p.5

⁸⁴⁰ BGLA, 'Leighton to Pawley' 3/4/38, p.8: see also McHugh Box I Folder 12 'Comparative Tests Between Gloster Fighter and the Soviet I 15 and I 16 types', 5 April 1938

⁸⁴¹ BGLA, 'Leighton to Pawley' 3/4/38, p.11

In early April 1938 Leighton noted that Chennault had an office in the CoAA near Peter Mow but he did 'not appear to have nearly as much influence or responsibility today as he had when you last saw him',⁸⁴² Soon after taking charge of the CoAA, Soong had wanted to appoint Chennault as head of training in Kunming but Chennault 'demurred:' William MacDonald went instead to teach primary and advanced training using some Douglas and Hawk aircraft.⁸⁴³ In April 1938 the Generalissimo restored Chow Chih-jou as head of training without consulting T.V. Soong.⁸⁴⁴ Although Chennault 'theoretically' remained in charge of the aviation schools, he had to submit to the authority of General Chow.⁸⁴⁵ In June 1938 McHugh reported that the CoAA generals obstructed Chennault at every turn and went so far as to replace English language instruction with Russian.⁸⁴⁶ Chow even insisted on dropping Morse code in favour of another based on Chinese phonetics which the pilots found difficult to master thus rendering radios useless.⁸⁴⁷

Worst of all, there were hardly any airplanes for training. According to McHugh there were only 7 airplanes for the advanced classes at Kunming in the autumn of 1938.⁸⁴⁸ Chennault had the task of training an entire squadron of Chinese pilots on one Hawk 75 demonstrator.⁸⁴⁹ According to Bruce Leighton, CoAA officers such as P.T. Mow and Freddy Wong had hardly ever flown this plane yet it was intended to form the CAF's fastest pursuit squadron.⁸⁵⁰

In early June 1938 McHugh wrote to his superior officer, Commander John M. Creighton that Chennault and his fellow instructors were ready to quit and return to the United States.

The boys are on their way out. Ever since Madame resigned they have had no one to stick up for them and the Chinese members of the Commission have been obstructing their work at every step. The Russians seem to be taking over the show for the present. They are supplying planes

⁸⁴² CUL, Box 4 Folder 4, McHugh conversation with Chennault 27/2/39, p.3

⁸⁴³ CUL, Box 2 Folder 13 McHugh CAF 6 /5/38 p.5

⁸⁴⁴ CUL, Box 2 Folder 13 McHugh CAF 6 /5/38 p.5

⁸⁴⁵ CUL, Box 2 Folder 13 McHugh CAF 7/6/38 p.4

⁸⁴⁶ CUL, McHugh, 'CAF' 7/6/38 p.4

⁸⁴⁷ Byrd, *Chennault* p.91: she quotes from Chennault papers held by his son Robert K Chennault. See fn8 p.379 'Weekly Reports MacDonald to Chennault'

⁸⁴⁸ McHugh American Aircraft Industry p.13

⁸⁴⁹ BGLA, 'Leighton to Pawley' 3/4/38 p.2

⁸⁵⁰ BGLA, 'Leighton to Pawley' 3/4/38 p.10

on credit, which the Chinese cannot get elsewhere (although the French seem to be making a bid) and the Chinese are naturally turning toward them. The airforce leaders have resented the Americans having a direct approach to the Generalissimo and are now fixing it so the Russians will have to go through them. For the present it looks as though we are out, although I have no doubt that they will come back to us eventually if they ever get any money with which to buy our stuff.⁸⁵¹

A few weeks later, the British air attaché Harold Kerby reported that Colonel 'Schnault' had resigned; Donald told him that Malley and the other American instructors would also leave 'unless there is a change in policy regarding Soviet participation.'⁸⁵² Kerby was under the impression that Soong would not reverse his policy of delegating control over the air force to the Soviet mission.⁸⁵³

When Chennault offered his resignation in June 1938, Soong told McHugh that he would investigate his complaints but felt that the blame did not lie entirely on the Chinese side. Soong regarded Chennault as 'primarily a pursuit man... "a fighter"' but what he really needed was an American adviser who was a specialist in general administration.'⁸⁵⁴ Soong had in mind an administrator in the mould of John Jouett who had served the regime but displeased Chiang precisely because he was not a fighter.

Soong established his own purchasing committee in April 1938 but made no effort to use Chennault as an adviser on procurement: as Leighton noted, P.T. Mow was viewed as the top adviser on procurement. Since Soong withheld his patronage and Madame could do little to protect him, Chennault was 'left to the mercy of the Chinese who began 'to whisper around that he really did not understand bombardment or other phases of the game.'⁸⁵⁵

Soong was 'half-inclined' to accept Chennault's resignation. A week later, however, he changed his mind. He told McHugh that he had conducted his own investigation into training which vindicated Chennault. Therefore Soong refused to accept his resignation.⁸⁵⁶ Nevertheless Soong could not devote all his attention to the air force and

⁸⁵¹ McHugh 'Dear Commander [Creighton]' Hankow June 7, 1938 p.2

⁸⁵² TNA, FO 371 22139 F 6647/298/10 'Aircraft for Chinese Air Force: Air Adviser to Chinese Government' 20 June 1938 p.299

⁸⁵³ TNA, FO 371 22139 F 6647/298/10 p.299

⁸⁵⁴ CUL, McHugh, 'CAF' 7/6/38 p.4

⁸⁵⁵ CUL, Box 2 Folder 13 McHugh, 'CAF' 7/6/38 p.4

⁸⁵⁶ CUL, McHugh Box 2 Folder 13 'the Chinese Air Force' 15 June 1938 p.1

‘thereby make full use of Col. Chennault as a personal adviser.’⁸⁵⁷ Soong was tactful but firm: Chennault did not pull the same weight with him or the Chinese military as he had under Madame’s chairmanship in 1937.

American instructors and Chinese pilot training

From 1938 to 1940 Chennault was primarily involved in training Chinese pilots during which time American military officers often assessed relations between the American instructors and CAF cadets or officers. By contrast, relatively little is known about Soviet training of Chinese pilots. The few Soviet historians who have written about Russian air assistance commented on the bravery of some Chinese pilots in combat and their recklessness as students. A Soviet aviation technician, A. K. Korchagin recalled that ‘the Chinese... flew much and carefreely... often without observing the rules of technical procedures, without the regulation work, without inspection and repair.’⁸⁵⁸ The historian Anatolii Demin in describing the performance of Chinese crews in 1940 stated that ‘according to the recollections of our instructors, the Chinese crews were weakly prepared. Systematic combat training practically did not exist, they flew little, and had not mastered high altitude flight.’⁸⁵⁹ These remarks reflected the state of training principally by Chinese instructors and the half dozen or so Americans employed by the CoAA.

Nearly all American officials who visited Chinese training facilities mentioned three major drawbacks: not enough aircraft; not enough instructors; not enough discipline and not enough flying hours. In April 1938 Lieutenant Kemp Tolley (USN) interviewed three veterans of the International Volunteer Squadron including Elwyn Gibbon: they had a strong bias against CAF officers given the circumstances of their dismissal the previous month. All were enthusiastic about Madame Chiang (who had hired them) but ‘had a low opinion of the average Chinese pilot’s ability and sense of cooperation in

⁸⁵⁷ CUL, Mc Hugh Box 2 Folder 13 ‘CAF’ 15/6/38 p.1

⁸⁵⁸ Anatolii Demin and Vladmir Kotel’nikov ‘Soviet Bombers in China (1937-1946),’ *Aviatsiia i Kosmonavtika* 3.1999 translated by George M. Mellinger

⁸⁵⁹ Demin & Kotel’nikov ‘Soviet Bombers’

flight.⁸⁶⁰ The former volunteers felt that ‘this lack of coordination and resolve plus graft is largely responsible for the conspicuous lack of success which should be expected of the Air Force in view of the money expended on it.’⁸⁶¹ By contrast, they greatly admired the Soviet aviators whose ‘discipline is very high’: the Russians had little contact with anyone including the Chinese and never allowed any visitors or photographs to be taken of them.⁸⁶² At first, the Russians allowed the Chinese pilots to fly Russian planes from the border in Northwest China down to south China but after they crashed so many planes, Russian aviators took back control over the ferrying operations.

Two Naval intelligence reports provided comparable if somewhat thin information about the flight schools in Kunming, Yunnan. The first dated 8 June 1938 was based on information from the French military attaché, Lt. Colonel Sabattier who visited the schools on 21 April 1938.⁸⁶³ Lieutenant Commander Smith-Hutton noted that there were 500 Chinese students and two Americans at the school— Mr MacDonald and an Americanised Swiss.⁸⁶⁴ Basic training was on 30 Douglas planes but Smith-Hutton reported that ‘all the training planes are old and unserviceable. They are insufficient in number and poorly equipped to train students’.⁸⁶⁵ Basic to advanced training took 27 months during which students had 200 hours of flying.

In a second naval intelligence report (6 June -1938) Commander Harvey Overesch (McHugh’s superior officer) reported that courses at the schools ‘parallel the instruction at US Army Aviation Training Schools as nearly as conditions in China permit.’⁸⁶⁶ Nonetheless he emphasised that ‘the cadets have approximately 200 flying hours after their training has been completed which Colonel Chennault said was approximately one-fifth of that given to our own cadets.’ Overesch repeated this point: ‘the American

⁸⁶⁰ NARA, RG 38 E-98 Box 136 File A-1-u Register no. 7348-A, Folder Aeronautic Personnel, Schools, Training, etc._ China ‘Conditions in Chinese Air Force’ 18 April 1938 Lt. Kemp Tolley USN

⁸⁶¹ NARA, RG 38 E-98 Box 136 File A-1-u Register no. 7348-A

⁸⁶² NARA, RG 38 E-98 Box 136 File A-1-u Register no. 7348-A

⁸⁶³ NARA, RG 38 E-98 Box 136 File A-1-u Register no. 7348-A: the Americanized Swiss was Harry Sutter who was a radio specialist uninVol.ved in pilot training.

⁸⁶⁴ NARA, RG 38 E-98 Box 136 File A-1-u Register no. 7348-A

⁸⁶⁵ NARA, RG 38 E-98 Box 136 File A-1-u Register no. 7348-A

⁸⁶⁶ NARA, RG 38 E-98 Box 136 File A-1-u Register no. 7348-A, Folder Aeronautic Personnel, Schools, Training, etc._ ‘Chinese Aviation School in Yunnan June 6, 1938 Commander H.E. Overesch p.1

instructors admitted that there was a shortage of training planes and materials and that the cadets get only one-fifth the flying time that US Army aviation cadets have when they complete their course.⁸⁶⁷

Overesch met the commander of the Kunming School, Brigadier General Chen and Chennault's colleague William MacDonald, the chief instructor. Overesch understood that MacDonald had two assistants Mr. Sutter, a Swiss and Mr. Carney: 'all three of these men are extremely capable instructors with years of flying experience.'⁸⁶⁸

Overesch could not discover how many Chinese were serving as instructors: he assumed, however, that because MacDonald and his assistants were putting in long hours, there were relatively few Chinese instructors.⁸⁶⁹

In February 1939 the British Air attaché based in Shanghai, R.S. Aitken was granted permission to inspect the CAF after the British had received a request from the Generalissimo for a senior RAF officer to be 'loaned' as an air adviser to the government. By assessing the CAF's state of efficiency, Aitken hoped to understand Chiang's motives and suggest an appropriate response.⁸⁷⁰ With the exception of James McHugh, no other western air attaché had such close contact with the Chiangs or Chennault in this period.

Aitken began by seeing the 'power behind the throne', W.H. Donald who explained that the air force was 'in a hopeless condition, that none of the responsible officers were competent' and that the Generalissimo regarded the British as best able to tackle the problem of rebuilding the CAF.⁸⁷¹ He and the Generalissimo 'had no idea what the Chinese Air Force was up to' nor did T.V. Soong whom Aitken subsequently met.⁸⁷² Donald regarded P.T. Mow as 'so irresponsible and corrupt' that he had been superseded by General Chen who was honest but dependent on Mow for advice.

⁸⁶⁷ NARA, RG 38 E-98 Box 136 File A-1-u Register no. 7348-A p.2

⁸⁶⁸ NARA, RG 38 E-98 Box 136 File A-1-u Register no. 7348-A p.3

⁸⁶⁹ NARA, RG 38 E-98 Box 136 File A-1-u Register no. 7348-A p.3

⁸⁷⁰ TNA, FO/371/23463 F 3687/118/10 'CAF' 17/4/39 p.6

⁸⁷¹ TNA, FO/371/23463 F 3687/118/10 'CAF' 17/4/39 p.3

⁸⁷² TNA, FO/371/23463 F 3687/118/10 'CAF' 17/4/39 p.4

An interview of three-quarters of an hour followed with the Generalissimo and Madame, acting as interpreter. Chiang stated that China would be better without an air force altogether: “We have had to do without a Navy, we would be better without a rotten Air Force.”⁸⁷³ Chiang stated that he would be willing to give the RAF ‘carte blanche’ to ‘effect a complete re-organisation’ and if the British did not agree, they would ask the Americans. Madame requested that Aitken keep this proposal secret when he met senior Chinese officers on his inspection tour. When Aitken asked about the Russian mission, Madame responded that a visit could be ‘arranged but that “the Russians looked after themselves”’ intimating that they were entirely separate from the CAF. On his tour Aitken came away with the impression that the Russians demanded absolute secrecy about their operations in China and would withdraw support if their conditions were not met.⁸⁷⁴ 300 Russian mechanics were based at a separate camp outside Chungking to maintain their own aircraft but there appeared to be no pilots. The Russians refused to talk to anyone. Nonetheless they were universally praised for their courage and efficiency ‘when they choose to fight’.⁸⁷⁵

The main preoccupation of the Chinese officers was organisation. General Mow showed Aitken, ‘a bewildering document’ which conveyed ‘no organisation at all, ...just a heterogeneous collection of terminologies bunched indiscriminately in groups.’⁸⁷⁶ Chen and Mow had come up with a new organisation which Malley and Chennault had judged to be no better than the existing one: both advisers felt ‘the whole subject to be much beyond their capacity.’⁸⁷⁷ Chennault, whom Aitken described as ‘very deaf,’ agreed that it was hopeless, ‘but his own ideas on the subject, if put into operation, would be little better. His thoughts are confused and it is clear that organisation is not his forte.’⁸⁷⁸ Aitken’s comments lend support to Soong’s intimation that Chennault was a fighter but not an administrator.

⁸⁷³ TNA, FO/371 /23463 F 3687/118/10 ‘CAF’ 17/4/39 p.30

⁸⁷⁴ TNA, FO/371 /23463 F 3687/118/10 ‘CAF’ 17/4/39 p.30

⁸⁷⁵ TNA, FO/371 /23463 F 3687/118/10 ‘CAF’ 17/4/39 p.31

⁸⁷⁶ TNA, FO/371 /23463 F 3687/118/10 ‘CAF’ 17/4/39 p.12

⁸⁷⁷ TNA, FO/371 /23463 F 3687/118/10 ‘CAF’ 17/4/39 p.3

⁸⁷⁸ TNA, FO/371 /23463 F 3687/118/10 ‘CAF’ 17/4/39 p.30 &.28

Aitken reproduced in his report a questionnaire which Chennault completed for the Generalissimo in January 1939.⁸⁷⁹ Chennault was highly critical of most aspects of the CoAA which employed 'more personnel than are required... because of faulty organization, insufficient training of employees, and in some cases, because of deliberate nepotism.'⁸⁸⁰ Ignorance and lack of initiative on the part of officers was a key problem as well as poor communications and transport for operations. On training he observed that half of the aircraft lost in the first six months of the war was due to 'poor pilotage'. Pilots had flown planes which they were not competent to handle. Many had refused to accept any further training – 'this generally occurred when a foreign specialist was appointed to give advanced instruction.'⁸⁸¹ Most were only qualified to fly a basic trainer.

Chennault recommended regulations to prevent insubordination and desertion from combat, measures of discipline which he alleged had been instituted in the World War.⁸⁸² He wanted a rotation of duties as 'officers of the higher grades do not engage in combat operations and are not subjected to the dangers and strains incidental to such operations.'⁸⁸³ He also hoped to remove from flying duty (and flying pay) all pilots who had ceased to fly activity and failed to qualify on modern planes.

Chennault planned to resume 'harassing operations' and 'guerrilla air action' against Japanese targets along the Yangtze River. He recommended acquisition of long range single seater bombers equipped with heavy weapons (50 calibre or larger guns) because these were more accurate within a reasonable range than bombing.⁸⁸⁴ He intended to train pilots to fly the small number of Curtiss Hawk 75s which were capable of this sort of action as soon as possible. In a separate comment, Aitken disagreed with this idea as the Japanese could easily bring these planes down in the present war.

General Mow explained the Chinese approach to air tactics: the policy was 'only to engage the enemy when they consider they have a reasonable chance of success and

⁸⁷⁹ TNA, FO/371 /23463 F 3687/118/10 'CAF' 17/4/39 'Chiang Kai-shek Questionnaire & Colonel Chennault's Answers' January 1939

⁸⁸⁰ TNA, FO/371 /23463 F 3687/118/10 'Chennault's Answers' 17/4/39 p.1

⁸⁸¹ TNA, FO/371 /23463 F 3687/118/10 'CAF' 17/4/39 'Chennault's Answers' p.2

⁸⁸² TNA, FO/371 /23463 F 3687/118/10 'CAF' 17/4/39 'Chennault's Answers' p.3

⁸⁸³ TNA, FO/371 /23463 F 3687/118/10 'CAF' 17/4/39 'Chennault's Answers' p.3

⁸⁸⁴ TNA, FO/371 /23463 F 3687/118/10 'CAF' 17/4/39 'Chennault's Answers' p.4

Squadron Commanders are not allowed to indulge in heroic deeds against impossible odds.’⁸⁸⁵ Hence when Japanese bombers were escorted by a superior number of fighters, they avoided battle, and flew out of danger until the raid was over. When bombers were escorted by too few fighters, they attempted to draw them off leaving the larger portion of Chinese fighters to engage the bombers. If the bombers were unaccompanied, they always attacked, preferably bringing down the leader of the formation as ‘if he is shot down, it exerts considerable moral effect on the remainder of the formation.’ Here were echoes of Sun Tzu’s recommendations on engaging the enemy according to his relative size and disposition.⁸⁸⁶ Avoiding the enemy when he was strong had been a guiding principle of China’s military aviation since the 1920s: at heart the air force of 1939 was not very different from the air bureau of 1929.⁸⁸⁷

Aitken noted that as Chinese pilots had little faith in the efficiency and courage of their superior officers, they could not be expected to perform to a high standard. He recorded an anecdote by William MacDonald: having trained a group of fighter pilots he led them against an equal number of Japanese (nine) but they all deserted him at the beginning of the fight.⁸⁸⁸ Although MacDonald denied it, Aitken understood that he had flown many missions, receiving large bonuses for every Japanese plane which he shot down: ‘he was making so much that the Chinese reduced the payment to \$1,000 gold when McDonald said that “on those terms they could go and shoot the blankety things down themselves.”’⁸⁸⁹ At the end of a lengthy report, Aitken observed that a British mission to China would be important from a financial and commercial standpoint but could not comment on the political implications as ‘these days the line between direct and indirect assistance to a country is very hard to define’⁸⁹⁰

In May 1939, Peter LeToney, a US Army intelligence officer from Army headquarters in the Philippines assessed flight training in Yunnan. Chinese were in charge of all instruction while American instructors ‘act as check and test pilots and in a general advisory capacity. Better results could be obtained if they could personally instruct the

⁸⁸⁵ TNA, FO/371 /23463 F 3687/118/10 ‘CAF’ 17/4/39 p.36

⁸⁸⁶ Sun Tzu, *Art of War* Chapter III, ‘Attack by Stratagem’ 8-9

⁸⁸⁷ See Chapter III fn. 77-78

⁸⁸⁸ TNA, FO/371 /23463 F 3687/118/10 ‘CAF’ 17/4/39, p.38

⁸⁸⁹ TNA, FO/371 /23463 F 3687/118/10 ‘CAF’ 17/4/39, p.30: Byrd, *Chennault*, p.87

⁸⁹⁰ TNA, FO/371 /23463 F 3687/118/10 ‘CAF’ 17/4/39, p.41

cadets but this is impossible because there are not enough Americans.’⁸⁹¹ LeToney found the Chinese cadets lacked ‘inherent flying ability’ and concluded that ‘unless the flying ability of the Chinese pilots improves, it will be impossible for them to fly modern high-speed airplanes with tricky landing characteristics without considerable damage to the equipment.’⁸⁹²

On 13 May 1939 an Army intelligence officer Henry C Mclean interviewed George R Clark, an American instructors who related that ‘all training was under Colonel C. M Chenault with some assistance by Chinese instructors’.⁸⁹³ Clark commented on the ‘great lack of cooperation between the American and Chinese instructors’ : when the Chinese student learned to fly under an American instructor, he refused to obey for fear of losing face because ‘he feels that he is in his own country and that it is his war, so why listen to a foreigner.’⁸⁹⁴ Clark went even further: ‘the average flying cadet in China is not interested in learning to be useful to his country. His sole ambition is to win a pair of wings to wear on his dress uniform when he goes on leave into the cities.’⁸⁹⁵ Of all candidates examined, only 4 % were accepted for flight training but ‘none of these accepted meet the standards set by the U.S. Army Air Corps.’⁸⁹⁶ Clark felt that it hardly mattered which type of training was on offer, ‘for no amount of instruction or lecturing will prevent a Chinese from doing a thing the wrong way.’⁸⁹⁷ All the good pilots had been killed in the first four months of the war and 90% of victories over the Japanese attributed to the Chinese were actually gained by Russian pilots.⁸⁹⁸ The average Chinese pilot, he remarked, was a ‘swell-headed, loud talking, cowardly egomaniac. He is not even a second class pilot, he can’t navigate, he will not take advice and he is afraid of getting shot.’⁸⁹⁹

The final pre-war report preserved in US Navy archives dates from 8 October 1940, well after the Soviet Air mission had left and only a few weeks before Claire Chennault

⁸⁹¹ NARA, RG165 File 2078-155, ‘Chinese Air Corps’ 12/5/39, p.5

⁸⁹² NARA, RG165 File 2078-155, ‘Chinese Air Corps’ 12/5/39, p.6

⁸⁹³ NARA, RG165 File 2078-155, ‘Report on the Chinese Air Force by George Clark’ 13/5/39, p.6

⁸⁹⁴ NARA, RG165 File 2078-155, ‘Clark Report on CAF’ 13/5/39, p.6

⁸⁹⁵ NARA, RG165 File 2078-155, ‘Clark Report on CAF’ 13/5/39, p.6

⁸⁹⁶ NARA, RG165 File 2078-155, ‘Clark Report on CAF’ 13/5/39, p.6

⁸⁹⁷ NARA, RG165 File 2078-155, ‘Clark Report on CAF’ 13/5/39, p.6

⁸⁹⁸ NARA, RG165 File 2078-155, ‘Clark Report on CAF’ 13/5/39, p.7

⁸⁹⁹ NARA, RG165 File 2078-155, ‘Clark Report on CAF’ 13/5/39, p.7

departed for the United States. Captain F.J. McQuillen received his briefing primarily from Chennault who was ‘...better informed on the subject than almost any other foreigner in China.’ as well as three other American instructors at Kunming.⁹⁰⁰

McQuillen regarded the CAF as a ‘negligible military factor’ with only 50 combat planes left in the fleet.⁹⁰¹ Although Chinese cadets made good progress initially, they were quickly ruined by contact with older Chinese pilots: ‘favouritism, protection of “Face”, graft, lack of discipline with consequent failure to heed advice, following instructions or obey orders; all militate against China’s building of a satisfactory airforce. In short, Chinese characteristics are not adaptable to a modern air force.’⁹⁰²

Reflecting the views of Chennault, McQuillen reported that:

the only solution currently offered for China’s present problem of “How to deal with the Japanese Airforce” is for her to turn the whole thing over, lock, stock and barrel, to the nationals of some one foreign country. Col. Chennault says that if he were given 100 bombers, 100 long-range pursuits and 100 interceptors, all of up-to-date design; with 400 foreign pilots, he could very nicely organize a force that would protect Free China from Japanese raids and wreck havoc on the Japanese forces in China.⁹⁰³

The evidence from these military attaché reports contradicts all assertions that Chennault and a small group of American instructors managed to train ‘900 excellent cadets.’⁹⁰⁴ On the contrary, after 1937 the Chinese resisted American air force standards, and Sino-American relations had deteriorated into resentment on one side and contempt on the other. With the exception of William MacDonald, Americans took no part in combat: MacDonald received a bonus for each enemy plane shot down until the Chinese felt they were paying him too much at which point he stopped.⁹⁰⁵ The Russians, however, accounted for most missions against the enemy. While they may have succeeded in teaching the Chinese pilots to speak Russian, they failed to turn them into a fighting force.

⁹⁰⁰ NARA, RG38 E-98 Box 96, File A-1-Q ‘McQuillen’ 8/10/40, p.2

⁹⁰¹ NARA, RG38 E-98 Box 96, File A-1-Q Register no. 12592-E Folder Aeronautics in China 1939-40 ‘Personal Observation & Conversations’ by Captain H.J McQuillen USMC October 8, 1940

⁹⁰² NARA, RG38 E-98 Box 96, File A-1-Q ‘McQuillen’ 8/10/40 p.1

⁹⁰³ NARA, RG38 E-98 Box 96, File A-1-Q ‘McQuillen’ 8/10/40, p.3

⁹⁰⁴ Xu, *War Wings*, p.138

⁹⁰⁵ TNA, FO/371 /23463 F 3687/118/10 ‘CAF’ 17/4/39 p.30; NARA, RG165 File 2078-155, ‘Clark Report on CAF’ 13/5/39, p.7

American aircraft procurement

In 1938 the Chinese government refrained from buying American aircraft due to lack of funds and increasing reliance on Soviet assistance. In the winter of 1938-1939, however, Dr. Kung resumed discussions about procurement with Pat Patterson of Consolidated Trading and Bill Pawley of Intercontinent. The negotiations were tortuous, their purpose obscure and outcome ambiguous. The Patterson Contract, as the entire affair became known, marked a final attempt by Chiang's 'family circle' to use military aviation for their own political ends.

If Dr. Kung had proceeded immediately to buy planes from both salesmen, he could have acquired 277 new combat planes for a combined cost of US\$13.2 million delivered early in 1940 but not paid for until 1941. In the end, however, Dr. Kung let the Patterson contract lapse and bought 78 C-W combat planes from Bill Pawley which were never delivered to China. James McHugh who followed the twists and turns of the Patterson Contract was bewildered by the entire affair: family infighting was enmeshed in high diplomacy.

The negotiations with Pawley and Patterson took place against the backdrop of other developments in China's aviation affairs. At the start of 1939 Sun Fo and Yang Jie prepared to renew discussions with their Soviet counterparts about a third loan for China linked to deliveries of aircraft and other materiel. On 8 February 1939, K.P. Chen also signed the agreement between the US Ex-Im Bank and the Universal Trading Corporation (negotiated in December 1938) which provided the latter with US\$25 million credits repayable at 4.5% p.a.⁹⁰⁶ This loan was largely tied to the purchase of American trucks and other equipment for use on the Burma Road: trucks would carry materiel into China and bring Wood oil out for shipment to the United States.

Dr. Kung and Bill Pawley of Intercontinent also negotiated a new agreement to relocate CAMCO to Loiwing on the Yunnan/Burma border. As Leighton wrote to his wife,

⁹⁰⁶ Arthur Young, *China's Wartime Finance and Inflation 1937-1945* (Cambridge, Ma., 1965), p.103

Pawley was 'up to his ears' in building the new factory at Loiwing.⁹⁰⁷ CAMCO remained a joint venture but the Nationalists did not pay its share of the construction costs. Pawley invested at least US\$250,000 in a project which had 'untold troubles' according to Intercontinent's secretary Mamie Porritt: 'malaria is rampant, labour troubles increasing daily, river is rising, they are afraid they will be marooned, all supplies have to be brought in, and everything is a mess.'⁹⁰⁸ Moreover, foreign observers in China were probably unaware that Pawley had become the proprietor of Intercontinent. At the end of 1938, he acquired from Sperry Gyroscope its entire holding in the firm.⁹⁰⁹ Therefore Pawley and his employees no longer had a corporate safety net provided by Tom Morgan of Sperry Gyroscope. Intercontinent depended entirely on sales commissions received from Curtiss-Wright and other manufacturers which it represented in China.

Pawley had the advantage over Patterson in many ways: he had the exclusive sales agency for Curtiss-Wright; he had capital assets of US\$1.8 million and a competent factory staff used to managing assembly operations under the most adverse conditions.⁹¹⁰ Furthermore he had always found the means to import demonstrators: in January 1939 he brought over a CW-21 interceptor to put through test flights for the Commission— it was the first plane assembled at the Loiwing plant in March 1939.⁹¹¹ Most importantly he understood how to handle Kung and the Chinese government after many years of negotiating contracts.

Patterson was a small broker who dealt mainly in spare parts and trainers.⁹¹² He had never imported demonstrators nor operated an assembly plant.⁹¹³ Furthermore he did not even have the exclusive sales agency for Seversky or any other aircraft manufacturers. He also lacked a lawyer as able as George Sellett, the former US

⁹⁰⁷ BGLA, Folder Ethel Major Leighton, 'Leighton to his wife', Chungking 24 June 1939, p.1

⁹⁰⁸ Tracey Minter Collection (TMC), Mamie Porritt to her husband, Monday 10 July 1939

⁹⁰⁹ BGLA, Folder China Misc. Correspondence 'Intercontinent Corporation, Plan of Reorganisation undated but end of 1938'

⁹¹⁰ BLGA China Misc. Correspondence 'Intercontinent Corporation Balance Sheet 1938'

⁹¹¹ Robert W Fausel with Richard A Morley 'China Odyssey: 1939 JAAHS Fall 1998 p.207

⁹¹² NARA, RG 59, Box 3859, 711.00111 Lic. Bendix Products Corp./47 to 711.00111 Lic. Colt's Patent Fire Mtg. Co./12 Licenses for China Airmotive from 711.00111 Lic.-China Airmotive 1/93 to 125/93

⁹¹³ HISU, ANY, Box 106 Consolidated Folder 'A.L Patterson to Dr. H H Kung' Chungking 1 April 1939'

attorney in Shanghai retained by Intercontinent since its entry into China in 1929. Patterson, however, had two important advantages over Pawley. As McHugh noted in April 1939, Madame and Donald had so 'hounded' Dr. Kung about his exclusive dealings with Pawley that they pressured him into giving an order to a rival just 'to say to his critics that he was not in Pawley's clutches.'⁹¹⁴ In their efforts to eliminate corruption in the CoAA, Madame and Donald had become convinced that Pawley was the principal source of 'squeeze' and therefore did their utmost to find evidence that he had overcharged Dr. Kung or done 'favours' for Chinese officers.⁹¹⁵ Secondly Patterson had the support of Chennault. Dr. Kung brought Chennault from Kunming to Chungking to act as his technical adviser to the negotiations: Chennault was particularly eager to acquire Seversky pursuit planes which Patterson claimed that he could provide. One can infer from Chennault's correspondence in this period that despite setbacks in training Chinese pilots, Chennault still hoped to deploy a new fleet of combat planes against Japanese bases along the Yangtze.⁹¹⁶ American observers such as James McHugh and State Department officials also presumed that the regime urgently needed and wanted American aircraft for operations against Japan.

In January-March 1939 Dr. Kung established a procurement committee composed of CoAA officers who scrutinised the bids received from both salesmen. Chennault disparaged the board's deliberations: 'almost the entire month was wasted in useless haggling over minor details rather than in the preparation of the final contract.'⁹¹⁷ Nonetheless, their tactics produced the desired result: they forced the rivals to undercut each other on price. After two months of hard negotiation, on 25 March 1939, Dr. Kung signed a contract with Patterson's firm Consolidated Trading Company Ltd for US\$8.831 million to buy 199 planes: 54 Severskys, 25 Vought Dive bombers, 70 Ryan trainers and 50 North American trainers.⁹¹⁸ The CoAA purchasing committee had secured value for money and terms far more favourable to the buyer than the seller.⁹¹⁹

⁹¹⁴ CUL, McHugh Box 2 Folder 14 'American Aircraft Industry' 10 April 1939, p.21

⁹¹⁵ CUL, McHugh, Box 2 Folder 14, 'American Aircraft Industry' 10 April 1939, pp.6-7

⁹¹⁶ See Byrd, *Chennault*, pp.99-100; CUL, McHugh, Box 4, Folder 4, 'Claire Chennault to Major James M. McHugh' 4 August 1939, p.5

⁹¹⁷ CUL, McHugh, Chennault to McHugh 4/8/39, p.2

⁹¹⁸ CUL, McHugh American Aircraft Industry' 10/4/39, p.18 ; HISU, ANY Young Consolidated, 'Agreement between the Chinese Government and Consolidated Trading Company Ltd. 25th March 1939', p.1

⁹¹⁹ CUL, McHugh, Chennault to McHugh 4/8/39, p.2

Some months later, McHugh wrote to his friend Tom Reynolds that ‘Patterson in his desire to get a contract away from Bill (and also the fact that he and Lewis ... were faced with bankruptcy if they did not get a contract) let the Chinese pin all kinds of conditions on him during the final day and he ended up by conceding two points which were plain damned foolishness’.⁹²⁰

The first concession was embedded in the initial purchasing agreement: Patterson had to secure a 100 % performance bond, a common feature of US government contracts. This insurance policy covered the value of the entire contract and required a sizeable premium which Patterson could not afford. He also accepted another stringent demand: even after signature, the Chinese had the right to investigate his prices and if they turned out to be higher than those paid by the US government, Patterson would have to refund the difference.⁹²¹ If that were the case, the Chinese would allow him a commission of one % and expenses equivalent to three % of the contract’s revised value.⁹²² Chennault wrote to Dr. Kung that no other sales representative had ever been asked to make such a concession: he reasoned that since US government prices were confidential, it would be difficult to calculate US government prices in an equitable fashion.⁹²³

Patterson also had been forced to swear in writing that he would not give any commission or compensation to anyone ‘for the purpose of obtaining this business.’⁹²⁴ It appears, however, that he had already done so. In June 1939, McHugh found out that Patterson had admitted to ‘paying squeeze but claimed after the signing of the contract that he had informed Gen Huang Kuang-jui [K.Y. Freddy Wong] that he had had his profits trimmed so low that there could not even be small presents. He stated that “Freddy” had good naturedly agreed and had said that all he wanted to see was for Pawley to be beaten.’⁹²⁵ According to McHugh’s informant, Freddy Wong had a vendetta against Pawley dating back to a 1936 contract in Canton involving Pawley’s former employee Lou Dooley: ‘Pawley either cut out or rejected completely the squeeze

⁹²⁰ CUL, McHugh, Box 1 Folder 4 ‘McHugh to Tom Reynolds’ 18 July 1939, p.3

⁹²¹ HISU, ANY Patterson contract 25/3/39, p.5

⁹²² HISU, ANY Patterson contract 25/3/39, p.5

⁹²³ HISU, ANY Box 106, Consolidated Folder, ‘Chennault to Dr. HH Kung’ Chungking 22 April 1939, pp.4-5

⁹²⁴ HISU, ANY Consolidate Folder ‘A L Patterson to Dr. H H Kung’ Chungking 4 April 1939

⁹²⁵ CUL, McHugh Box 3 Folder 2 ‘McHugh handwritten notes for American Aircraft Industry report April 1939 – pp.5 & 16

which Dooley was committed to pay General Huang Kuang-jui of the Cantonese air force and that the latter has had it in for Pawley every since... He obviously is not friendly with Pawley.’⁹²⁶

According to Mamie Porritt, when Pawley heard about Patterson’s contract, he was ‘about to have forty fits. He is working on a seven million order and hopes to get it through soon. If he doesn’t I think he will die.’⁹²⁷ In a report dated 10 April 1939 James McHugh described Pawley as ‘rabid against Col. Chennault, stating that he was going to fight the situation and write a letter of complaint to the War Department’.⁹²⁸ In Hong Kong, Pawley tactlessly repeated to business acquaintances allegations that Chennault received squeeze from Patterson on the deal: McHugh observed that Pawley spoke of Chennault ‘with such venom’ that there could be no doubt that Pawley believed the rumours.⁹²⁹

Dr. Kung, however, did not leave Intercontinent in limbo for long. As Leighton described to his wife, on 20 April Kung called together ‘all the brass hats’ to go over specifications and signed an undertaking with Bill Pawley to purchase up to US\$12 million of which Leighton expected orders worth US\$7 million.⁹³⁰ On 19 May Arthur Young looked over the draft contract with Intercontinent. He noted in a memo that it contained none of the conditions required of Patterson: no performance bond; no guarantee that prices would not exceed those paid by the US government and no limitation on profits.⁹³¹ Young, however, was not aware that the CoAA committee subjected Intercontinent to the same treatment as Patterson about prices even if it did not require Pawley to provide a performance bond.

On 24 June, in a letter to his wife, Leighton mentioned the clause about price investigations: the Chinese had a right to cancel the agreement at any time within thirty days after signature if they were not satisfied about the prices. Since UTC had investigated Intercontinent’s prices and deemed them too high, ‘they had decided to

⁹²⁶ CUL, McHugh American Aircraft Industry, 10/4/39, p.4

⁹²⁷ TMC, Porritt, Saturday April 8, 1939

⁹²⁸ CUL, McHugh, American Aircraft Industry 10/4/39, p.20;

⁹²⁹ CUL, McHugh, American Aircraft Industry 10/4/39, pp.20-21

⁹³⁰ BGLA, Folder EML, ‘Leighton to his wife’ April 21, 1939

⁹³¹ HISU, Young Box 106 Consolidated Folder, ‘Memorandum from [ANY] to Dr. Kung’, Chungking, 19 May 1939

make an issue and put on the screws good and proper.’⁹³² It was standard practice, he noted, for the Chinese to assert that prices paid by customers in the US were far lower than those quoted by aircraft salesmen in China. Leighton accepted that the Chinese played one salesman off against another in order to ‘squeeze the best possible prices and terms: the more discouraged the salesman, the better the buyer likes it.’⁹³³ Moreover, the Chinese knew that Intercontinent was right in the middle of building the factory at Loiwing: ‘these guys here figured that we were in a position where we had to have this business or be in a rather bad way – which happens to be the truth. So they put down an ultimatum, finally – take it or leave it – either accept a reduction in prices amounting to about \$300,000.00 (about 7%) or cancel the entire contract, and reduce the amount to the bare limits of \$1,000,000.00.’⁹³⁴

Having yielded to Dr. Kung’s terms, Intercontinent ended up with a contract of US\$4.4 million to build 125 planes including 49 Hawk 75s (P36A), 29 C- 21 Interceptors, 30 Hawk IIIs from a previous contract and some trainers.⁹³⁵ Leighton did not expect much profit, just enough to maintain the office in Chungking, but the contract established a production schedule for the new Loiwing plant and the prospect for future contracts of up to US\$8 million.⁹³⁶

Kung and the CoAA drove hard bargains with both salesmen. Nevertheless Patterson had the additional burden of the performance bond: his difficulty in obtaining one provided Dr. Kung with a pretext to postpone completion until he did. Kung was a master of dragging his feet if he so wished as the Italians had discovered in 1934 when he did his best to delay the arrival of the air mission. By contrast, he was quick to act when the Generalissimo had genuine demands, as had been the case with the Northrop bombers in December 1933. On this occasion, however, Kung took his time presumably because the Generalissimo told him to adopt delaying tactics.

⁹³² BGLA, Folder EML, Leighton to his wife Chungking, 24 June 1939, p.1

⁹³³ BGLA, ‘Leighton to Carl Dolan’ 1 March 39, pp.1-2

⁹³⁴ BGLA, Folder EML, ‘Leighton to his wife’, 24/6/39, p.1

⁹³⁵ CUL, McHugh, Box 4 Folder 4 handwritten update to 10/4/39 Aircraft Industry Report, p. 10

⁹³⁶ BGLA, Folder EML, ‘Leighton to his wife’ 24/6/39, p.1

State Department Intervention

In May 1939 Patterson was in New York trying without success to arrange the performance with his four suppliers before HSBC cancelled his line of credit.⁹³⁷ Kung had called into question his prices as well as his ability to secure the bond. Patterson enlisted John Jouett, who had become head of the American Aeronautical Chamber of Commerce in Washington, to put his problems before State Department officials. On 19 May 1939 Jouett contacted Joseph Green and requested that the Department intervene with the Chinese government about honouring Patterson's contract.⁹³⁸ Almost immediately after Jouett's appointment, a cable in Hull's name instructed Nelson Johnson in Chungking that the Department had 'a considerable amount of information' to the effect that 'Pawley interests are endeavouring to prevent the carrying out of this contract' and that the Department was concerned about 'the possible loss of business to the American industry and exporting interest in general.'⁹³⁹ Hull insisted that the Department was impartial but would 'afford...appropriate assistance' to the party with the contract.⁹⁴⁰ Therefore Johnson was to request that Dr. Kung remove all delays and 'facilitate performance of the Patterson contract.'⁹⁴¹ Hull emphasised that the US government was expressing its goodwill in wanting to see the Chinese government obtain badly needed equipment and avoid the bad impression which the Chinese would create upon American aviation interests if the contract was not fulfilled.⁹⁴²

This was a remarkable break with the past. McHugh, who saw all of the embassy's communications about the contract, later wrote to Tom Reynolds that this was 'the first time in history' that the Department had intervened to promote a specific American aircraft contract: 'apparently some of Pat's people barged down there and convinced them that undue obstacles were being placed in the road of fulfilling the contract and that Bill was behind it.'⁹⁴³

⁹³⁷ HISU, Young, Box 106, Consolidated Folder, 'Outward Telegram H H Kung to Central Bank of China', 4 June 1939

⁹³⁸ NARA, RG 59 C.D.F 893.248/129 'Memorandum by Joseph Green', 19 May 1939

⁹³⁹ NARA, RG 59 C.D.F 893.248/117A 'Strictly Confidential, Hull to American Ambassador Chung King' 19 May 1939, p.1

⁹⁴⁰ NARA, RG 59 C.D.F 893.248/117A 19/5/39, p.2

⁹⁴¹ NARA, RG 59 C.D.F 893.248/117A 19/5/39, p.1

⁹⁴² NARA, RG 59 C.D.F 893.248/117A 19/5/39, p.1

⁹⁴³ CUL, McHugh, 'McHugh to Reynolds' 18/7/39, p.5: Tom Reynolds's father in law was Willys Peck who made the representations to Kung

Over the course of the next month Willys Peck, the US consul in Chungking as well as Joseph Green and Stanley Hornbeck at the State Department interviewed various parties in search of evidence that Pawley had interfered in the completion of Patterson's contract. They had no legal authority to do anything about it if they proved his guilt except to prejudice the US government and possibly the Chinese government against him. By mid-June Pawley had become incensed by the accusations levelled against him. On 12 June 1939 he wrote to Leighton that before leaving Chungking he had seen Willys Peck who had told him of 'information from Washington' that Pawley had tried to block the competitor's deal. Pawley replied that 'if the deal did not go through, it would be the result of the contract ...rather than any action by me...' ⁹⁴⁴ In his letter to Leighton, he suggested that Leighton also see Peck and Johnson to tell them that

we are being seriously discriminated against by a combined group of officials and would-be officials and that if these tactics are continued it will put us out of business as Kung will hesitate to deal with a firm whose name is questioned by the American official colony in the Chinese capital. You might say, if you care to, that you know I am not going to take this "lying down" – I am not going to lose one-half million dollars through unjust and biased statements made by these people. ⁹⁴⁵

Pawley understood that McHugh had reported to ONI about the entire affair and that it would not do them any good. ⁹⁴⁶ He suggested that Bruce write to his brother Frank – also a naval officer who had once served in ONI – and give him their side of the story. ⁹⁴⁷ George Sellett planned to see both Joseph Green and Stanley Hornbeck to lay bare the tactics of all the 'opposition.' ⁹⁴⁸

On 28 June Peck interviewed Leighton. ⁹⁴⁹ Leighton expressed surprise that the Department had intervened especially as his firm had never approached the embassy for help because 'it understood that the Embassy did not wish to become implicated in transactions of this nature.' ⁹⁵⁰ Nonetheless Leighton hoped to set the record straight by pointing out how Intercontinent had 'contributed more to bring about the possession of

⁹⁴⁴ BGLA, China Misc. Correspondence 'Pawley to Leighton' New York, 12 June 1939

⁹⁴⁵ BGLA, 'Pawley to Leighton' 12/6/39 p.2

⁹⁴⁶ BGLA, 'Pawley to Leighton' 12/6/39 p.2

⁹⁴⁷ BGLA, 'Pawley to Leighton' 12/6/39 p.2: Frank Leighton served in ONI in 1938 according to his son David Leighton, (author interview).

⁹⁴⁸ BGLA, 'Pawley to Leighton' 12/6/39, p.2

⁹⁴⁹ NARA, RG 59 C.D.F 893.248/154 'Johnson to the Secretary of State' 11 July 1939, p.2

⁹⁵⁰ NARA, RG 59 C.D.F 893.248/154 11/7/39

an air force by the Chinese Government and to the sale of American manufactures in China than had any competing firm.' Nelson Johnson noted in his summary of the interview that Pawley's interests had also blocked the sale of any other type of American aircraft to China during the past six years.⁹⁵¹

By the end of July Peck had completed his investigation and Nelson Johnson requested that the Department 'let the matter drop.'⁹⁵² He concluded in somewhat that the 'whole matter of airplanes sales with China...has been fraught with acrimony and assumption by buyers as well as sellers, of practices and intrigues which I have felt from the beginning the Embassy should remain aloof from.'⁹⁵³ Soon thereafter McHugh revealed to Tom Reynolds that Ambassador Johnson was 'sore as hell' at the Department for ever becoming involved in the contract: 'after washing their hands for years of all this business and having no background information to speak of on file, they jump[ed] into the mess feet first.'⁹⁵⁴

Claire Chennault also felt deeply aggrieved by the fiasco which frustrated his ambitions to acquire the planes which he recommended for reviving the CAF. On 4 August he gave his side of story in a long letter to McHugh.⁹⁵⁵ Everyone had wasted an enormous amount of time on minor details in order to wear down Patterson and get lower prices without paying sufficient detail to contractual clauses. He grudgingly accepted that Pawley would continue to sell the bulk of planes in China as long as he served as the 'confidential adviser to the procuring authority, the Minister of Finance.'⁹⁵⁶ Chennault felt that he had been 'used to obtain objectives that he had never planned.' now that China had failed to procure the planes which she needed, his 'plans for training and for tactical operations in the future are completely disrupted by this development. I would resign immediately were it not for the fact that Pawley would appreciate nothing more than my resignation.'⁹⁵⁷

⁹⁵¹ NARA, RG 59 C.D.F 893.248/154 11/7/39

⁹⁵² NARA, RG 59 C.D.F 893.248/156 'Peck to the Secretary of State' 29 July 1939

⁹⁵³ NARA, RG 59 C.D.F 893.248/156 'Johnson to the Secretary of State' 29 July 1939, p.2

⁹⁵⁴ CUL, McHugh 'McHugh to Reynolds' 18/7/39, p.5

⁹⁵⁵ CUL, McHugh, Chennault to McHugh 4/8/39,

⁹⁵⁶ CUL, McHugh 'Chennault to McHugh' 4/8/39 p.3

⁹⁵⁷ CUL, McHugh 'Chennault to McHugh' 4/8/39 p.5

McHugh in turn wrote to Paul Meyer the US consul in Kunming where Chennault was based much of the time. McHugh felt that Chennault had 'made some serious mistakes which a man of his experience should have been able to avoid.' McHugh had 'no brief' for Pawley

but when compared with the opposition that he is up against, he stands out like a lighthouse in a fog. His competitors are amateurs and cheap small-fry compared with him. He hires competent, shrewd, capable assistants like Leighton, Walsh and Sellett whereas Patterson uses an ingratiating, cringing little Greek bastard like Vlachos...I have backed the Colonel through out...but if he is going to stay in China he will have to accept the fact that Pawley is going to sell the airplanes. If the Colonel cannot stomach this and get along with Bill then he would be well advised to go home.⁹⁵⁸

McHugh commented that Chennault had often been 'cagey' with him treating him as if he were a newspaper man.⁹⁵⁹ Chennault had often received offers from Chiang to take complete charge of the air force and

to dictate the removal and appointment of such people as he knows are delinquent. But he has always side-stepped such situations...My main criticism is that when he knows something is going wrong he ought not to tolerate it... He ought to walk into CKS with his resignation in one hand and force action on the question or tell them to go to Hell. They will never have an air force in this country until someone cracks the whip over them. The way they are fooling around up here now is enough to make you sick at your stomach.⁹⁶⁰

The report by the British air attaché R.S. Aitken corroborated McHugh's point that Chennault was not up to the task of forcing Chiang's hand or taking charge of air force reorganisation. Moreover, as his biographer Martha Byrd has observed, Chennault was frequently ill, depressed or drunk during 1939.⁹⁶¹ His correspondence with McHugh and family friends was infused with frustration at the impossibility of transforming the CAF into a force of which he could take command to resist the Japanese.

In May-June 1939 the repercussions of the Patterson affair started to ripple through the CoAA and Chiang's family circle. On 2 June 1939 McHugh wrote to Overesch that Chiang had arrested T.C. Chien and reappointed General Chow as head of the CoAA. Madame refused to resume her former job as Secretary General of the CoAA but said that she would stay in the background to help Chennault while Donald decided to take a

⁹⁵⁸ CUL, McHugh, Chennault to McHugh 4/8/39, p.5

⁹⁵⁹ CUL, McHugh Box 1 Folder 4 'Dear Paul [Meyer]' 5 August 1939

⁹⁶⁰ CUL, McHugh 'McHugh to [Meyer]' 5/8/39

⁹⁶¹ Byrd, *Chennault* pp.92,98,100

trip to New Zealand for his health.⁹⁶² On 6 June McHugh wrote to Cyril Rogers that Dr. Kung seemed very pleased with himself that the aircraft contract signed three months before had failed to become operative because of various clauses which the seller could not fulfil.⁹⁶³ In a letter to the Australian journalist Harold Timperley, McHugh revealed that before leaving China, Donald had been displeased with Dr. Kung about the delays to Patterson's contract: 'I know that Don and M.L. [Madame Chiang] practically shoved

H H into signing that American aviation contract and that ever since H.H. has been trying to load the responsibility off on someone else. All manner of technical flaws were picked in the contract and H H, is trying to get K.P. Chen and K.C. Li to adjust them, and at the same time, automatically to assume responsibility for them, which neither they nor any other Chinese will do.'⁹⁶⁴

On 13 July 1939 Dr. Kung signed two more contracts with Intercontinent, the most important of which was an agreement to build Cyclone engines under license in China.⁹⁶⁵ The exact amount is unknown but Leighton intimated to his wife on 24 June that there were two other contracts in the offing which together came to US\$2.4 million.⁹⁶⁶ George Sellett and Bruce Leighton spent that morning with Dr. Kung at his bath house enjoying the hot springs and were invited to make themselves at home at his house up in the hills where they had dinner with his secretaries – Leighton assured his wife that 'contracts aren't always done that way in China...and the occasion was much enjoyed.'⁹⁶⁷

On 26 July McHugh wrote to Paul Meyer that it was unlikely that Madame would interfere again in Kung's relations with Pawley:

her tendency to stand up for Kung will undoubtedly overshadow any further desire she might have to buck Pawley. He (Kung) now stands vindicated on all counts of his past relations with Pawley, for there is nothing on the record to show that any such trouble ever arose with Bill nor

⁹⁶² CUL, McHugh, Box 1 Folder 4 'McHugh to Dear Skipper [Harvey Overesch]' 2 June 1939

⁹⁶³ CUL, McHugh Box 1 Folder 4 'McHugh to Cyril [Rogers] 6 June 1939

⁹⁶⁴ CUL, McHugh Box 1, Folder 4 'Dear Timp[erley] 9 July 1939 : Timperley had been the China correspondent of the Manchester Guardian.

⁹⁶⁵ BGLA, EML Folder, Leighton to his wife 14 July 1939

⁹⁶⁶ BGLA, EML Folder, Leighton to his wife 24 June 1939 & 11 July 1939

⁹⁶⁷ BGLA, EML Folder, Leighton to his wife 16 July 1939

did the US Govt ever get into the mess before. We look like a bunch of suckers, I can assure you.⁹⁶⁸

As astonishing was McHugh's conclusion about Bill Pawley: 'whatever Bill may have done in the past, he is on solid ground now. This Patterson affair has put him right out in the clear for every feature of it rebounds to his credit.'⁹⁶⁹

The Patterson contract was a storm in a tea cup. State Department officials wasted months trying to get to the bottom of it and in the end had to admit defeat and regret that they had ever intervened. Those absorbed in the fiasco seemed oblivious to events beyond the bubble of their own lives. It is possible, however, that Sino-Soviet relations had more to do with the contract than any foreign observers detected at the time.

In October 1939 McHugh discovered that during the spring and summer of 1939 Yang Jie, the Chinese ambassador in Moscow had misled Chiang about a delivery of some 700 Russian airplanes.⁹⁷⁰ McHugh had an anonymous source 'EW' about Yang's actions: 'CKS and others here went on the assumption all summer that these planes were coming, only to discover that the negotiations had never been opened. EW said this was the real reason the Consolidated deal had been blocked'.⁹⁷¹

This odd piece of intelligence may explain some of the intrigue which enveloped the Patterson contract. As John Garver has demonstrated in his work on Sino-Soviet relations, in 1937-1940 nothing was more important to Chiang than to maintain the flow of Russian aid to China. Whenever possible, as Bruce Leighton noted, the Chinese liked to play off one supplier against another – one nationality against another or one American against another. Chiang wanted to redress the inferiority of his position vis-a-vis Stalin by showing that the United States was increasingly interested in helping China: the Tung Oil loan had been followed immediately by discussions on procuring American planes. Here was proof that the Roosevelt administration at last was openly siding with China against Japan. By stringing out the aircraft negotiations through the spring and summer of 1939, Dr. Kung perpetuated the image of Americans competing to supply China. When the State Department became concerned about the execution of

⁹⁶⁸ BGLA, EML Folder, Leighton to his wife 16/7/39

⁹⁶⁹ CUL, McHugh, Box 1, Folder 4 'McHugh to Paul Meyer' July 26 1939, p.4

⁹⁷⁰ CUL, McHugh, Box 3 Folder 3, typed notes 3 October 1939

⁹⁷¹ CUL, McHugh 'typed notes' 3/10/39

the Patterson contract, there was an unexpected bonus: the Department stated explicitly that it cared about supplying China with airplanes. This was an excellent outcome from the Chinese point of view. Whether the planes were ever paid for and delivered was not nearly as important as the propaganda value of this change in US policy towards China.

Chiang's regime signed a third US\$150 million loan with the Soviet Union on 14 June 1939. Through the spring and summer, Dr. Kung strung along Pawley as well as Patterson while waiting to see whether or not Soviet planes materialised and on what terms. As long as Chiang and Kung believed that the Soviet Union would send 700 planes within the next year, Kung did not have to press for the immediate execution of the Patterson contract. The complexity of the performance bond provided an excuse to let the contract lapse when and if Kung decided that it was no longer needed. The Patterson contract was expendable because the Chinese still believed that a large consignment of planes in support of the Soviet mission was on its way.

In the autumn, however, Chiang and Kung may have been surprised to learn that they were not going to receive as many Russian planes as expected. Consequently Dr. Kung signed a further contract with Bill Pawley for US\$7.5 million in October 1939.⁹⁷² On 21 October Bruce Leighton also noted amongst 'projects pending' that CAMCO was to assemble a hundred Russian combat planes (50 E-15s and 50 E-16s).⁹⁷³ Intercontinent/CAMCO was beginning to evolve into a general military contractor and abandon the old business model which tied it exclusively to providing American aircraft for its Chinese client.

With the backing of Chiang, Dr. Kung played his hand well. He was fully vindicated for his past dealings with Bill Pawley and allowed to resume full control over procurement. From this point onwards, Madame withdrew from aviation affairs. The CoAA also had been put in its place, because its purchasing committee had proved incompetent to handle the legal complexities of the Patterson contract. In the politics of airpower, a new set of priorities had emerged, infighting first, then external resistance.

⁹⁷² CUL, McHugh, Box 2 Folder 14 'From Am. Consul Rangoon Feb 14, 1940' hand written note

⁹⁷³ BGLA, Folder China Misc Correspondence, 'Projects Pending October 21, 1939'

Conclusions

In *China and the Helping Hand* Arthur Young introduced the notion that before the war China received ‘nongovernmental’ assistance in civil and military aviation.⁹⁷⁴ He highlighted the role of Claire Chennault as one of ‘a number of Americans in China helping to develop military aviation.’ Although Young rightly praised the importance of the Soviet air mission to China’s war effort, he laid the foundation for subsequent historians to exaggerate the pre-war contribution of American experts and entrepreneurs. The evidence introduced in this chapter lays to rest the myth that a few Americans managed to train hundreds of Chinese aviators to an American standard before World War II. Russian airpower prevailed over American airpower. In 1938-1939 China had Stalin to thank for the hundreds of Russian aviators who did more than any other foreign air mission before World War II to fight China’s war of resistance.

In March 1938 when Soong assumed the chairmanship of the CoAA, he accepted Soviet occupation of the Chinese Air Force. Thereafter Russian airpower marginalised American airpower. Stalin offered planes and personnel on generous terms because it was in his interest for China to resist Japan and keep it from causing trouble in Russia’s Far East borderlands. By providing tangible aid, the Soviet mission eclipsed what little authority Chiang and his extended family exerted over the air administration. The Russians tipped the balance of power in favour of the CoAA officers and against the Chiangs as well as their American adviser and his small group of instructors.

In his memoir Claire Chennault expressed his admiration of Russian pilots. In 1938-1940, however, the Soviet Air mission was one of the principal reasons for Chennault’s increasing frustration and their influence over the Chinese in the CoAA was a cause of ill will between American instructors and the Chinese. Deprived of aircraft, the Americans lacked the tools and the prestige to impose their standards on the CoAA clique and cadets. As Captain McQuillen reported, by October 1940 Chennault felt that the only solution for the Chinese Air Force was to turn it over ‘lock stock and barrel’ to a foreign mission. Chiang had come to the same conclusion about his ‘rotten’ air force.

⁹⁷⁴ Young, *Helping Hand*, pp.22-23

Although Chiang resented the Russians, he preferred to rely entirely upon Stalin's helping hand than to waste any more resources on the air force. Chiang had lost his faith in his air force but not in airpower. In the event that Stalin withdrew his help, he would turn to the British or Americans for official assistance. The Chinese never saw any contradiction in cultivating several foreign partners simultaneously. In 1932 Soong kept both Italians and Americans in play to maximise his financial options; in 1939 Chiang saw the wisdom of gradually building a new relationship with the United States while still relying on the Soviet Union for the lion's share of military aid.

The Patterson contract left Chennault feeling bitter about being "used" to attain objectives which he never planned. Donald and Madame may have genuinely believed that Chennault might be given the opportunity to create an air guerrilla corps based on a new air fleet. Chennault, however, came to the view fairly early on that Dr. Kung was not serious about buying airplanes to revive the CAF. Kung was only interested in serving Chiang and saving face. He created a procurement process which gave himself and Chiang a range of options to respond to changes in the level of Russian aid. They also had induced the US government to make explicit the subtle change of policy which had taken place during 1938-1939: Roosevelt had embarked on a policy of promoting airplane sales to France and Britain to help them build up their fleets and thus redress the balance of power with the German Luftwaffe. The State Department revealed that this policy in a reduced form also applied to China: the Department presumed that China needed and wanted planes for resisting Japan and it was willing to help the Chinese secure them.. McHugh was right to note that the Patterson Contract marked a new departure for the US government. When and if the Soviet air mission finally withdrew from China, Chiang and Kung had laid the groundwork to turn to the United States and Britain for massive air assistance to replace the Russians.

Chapter V *The Flying Tigers*

In January 1941 Intercontinent became involved in the formation of a mercenary air force, the American Volunteer Group (AVG), better known as the Flying Tigers after Pearl Harbor. Since 1942 the 'Tigers' have been the subject of numerous books which pay tribute to the pilots' exemplary combat record against the Japanese in the first six months of war in the CBI.⁹⁷⁵ These accounts, however, have paid scant attention to the origins of the group. Most historians have referred to its formation in terms which echo an article 'Tigers over Burma' in *Time Magazine* (February 1942): 'to no one man belongs credit for organizing and recruiting the A.V.G. But A.V.G's spark plug from the start, its commander in Burma now, is a famous U.S. flyer: lean dark Brigadier General Claire L. Chennault of Water Proof, La.'⁹⁷⁶

Military and academic historians have emphasised the link between AVG operations and subsequent developments: the American airpower strategy for the CBI, US political support for the Nationalists during the Pacific war and the AVG's links to post-war covert operations in Southeast Asia. As noted in the literature review, Michael Schaller asserted that the AVG was a clandestine organisation which foreshadowed 'the style, if not substance, of future policies in Asia.'⁹⁷⁷ Few have examined the AVG in the context of US foreign relations in the years before Pearl Harbor or its connection to American aviation interests in China during the previous decade.

This chapter brings a new perspective to the historical significance of the AVG by assessing the motives and conduct of the organisers from the autumn of 1940 to the early summer of 1941. Air assistance for China in 1940-1941 was a commercial, diplomatic and military initiative involving four participants: the Roosevelt administration, Intercontinent, Chiang's representatives in Washington and the British government. Each had different reasons to promote a volunteer air force for China and had different expectations of it. Two interrelated propositions are explored to answer the question of how and why the AVG came about: first, air aid for China evolved in a piecemeal fashion which reflected Roosevelt's priorities and decision-making style.

⁹⁷⁵ *Flying Tigers*, Republic Pictures, 1942

⁹⁷⁶ *Time Magazine*, 'Tigers over Burma' Monday 9 February 1942

⁹⁷⁷ Schaller, *Crusade*, p.68

Second, the AVG was as closely connected to air aid for Britain as it was for China and it would be a distortion of the record to omit British interests in assessing the place of the AVG in the politics of airpower in Sino-American relations.

‘Plane aid’ for Britain dominated Roosevelt’s foreign policy agenda from 1938 to 1940.⁹⁷⁸ In formulating this policy of air assistance for Britain and initially France, Roosevelt conceived of the United States as the supplier of arms and aircraft which could supplement their own production in boosting the size of their air fleets. He had no intention of sending US military advisers or personnel to take part in military planning or operations. It seems likely that Roosevelt never even contemplated making recommendations to the British about the use of American equipment. Nor would he have dared to do so: after two years of war, the British had a far greater competence and experience of war than Roosevelt, his cabinet or the American military chiefs of staff.

The situation in the Far East was utterly different. Without the help of a foreign air mission, Chiang did not have an air arm competent enough to deploy whatever foreign aircraft Dr. Kung managed to acquire. It is not known whether Roosevelt and his cabinet read intelligence reports about the state of the CAF in 1939-1940. Sources such as the secret diary of Harold Ickes and the Morgenthau diaries suggest that the president may not have grasped initially the difference between the sale of a few planes to Chiang and the sale of a large quantity of planes to Churchill.

In early October 1940, Roosevelt and his cabinet first approached the question of air aid to China as if it were a scaled-down version of ‘plane aid’ for Britain: by selling a few planes to Chiang, they wanted to make a gesture of support, nothing more. Secretary of State Cordell Hull instructed his staff to make available to China ‘as promptly as possible a few planes – within limits, the more the better.’⁹⁷⁹ That contradictory set of qualifiers characterised the early approach to air aid for China. Roosevelt and members of his cabinet associated airplanes with quick solutions expecting aircraft to be built, delivered and deployed at a faster rate than could be achieved under current economic conditions. They treated planes as a commodity to suit different ends: in small

⁹⁷⁸ NYT ‘Morgenthau hails British Plane Aid’ 26 July 1940, p.9

⁹⁷⁹ NARA, RG 59, CDF 893.248/184 ‘Hornbeck to Green’ 6 November 1940

quantities they were a quick morale booster for weak allies such as China or Greece, in large quantities, they contributed to Britain's war effort. In October 1940 a 'few planes within limits' were to encourage China to resist Japan and thus keep the enemy bogged down instead of pursuing its plan for expansion across Southeast Asia.

In 1940-1941 Roosevelt's diplomacy of deterrence towards Japan 'fell between the equally dangerous extremes of appeasement and provocation' as the American historian Robert Divine has observed.⁹⁸⁰ After the Netherlands and France fell to Germany in May 1940 the Japanese announced their intention to diplomats in Tokyo to take French Indo-China, the Dutch East Indies, British Far East territories or 'all of them'.⁹⁸¹ The Japanese admitted that plans to move southward were the 'greatest source of friction' between their country and the United States in the winter of 1940-1941.⁹⁸² Herbert Feis who worked at the State Department in this period has described how in November-December 1940, the administration re-examined its three major options to counter the Japanese threat to the Far East colonies of European allies: deprive it of strategic resources for waging war; send ships and planes to threatened regions; help China 'to be a continued worry and drain.'⁹⁸³ Of these the preferred course was to curtail American exports of strategic materials to Japan.

Thus from the start, air aid for China was the odd option out. It marked a radical break from the rational cautious Far East policy of the interwar period which had been based on a steady escalation of economic sanctions, each more stringent than the last. China had been at war since 1937 but to appease Japan, the US government had scrupulously refused to offer Chiang any material help, to facilitate the sale of planes or the service of Americans in the CAF lest Japan treat such support as a *casus belli*. In December 1940, however, the President and his colleagues contemplated how to stage a bombing offensive against Japan from China even though, within the framework of interwar

⁹⁸⁰ Robert A. Divine, *The Reluctant Belligerent, American Entry into World War II* (New York, 1979) 2nd edition, p.119

⁹⁸¹ FRUS, 1940 Vol. IV 'The Ambassador in Japan (Grew), to the Secretary of State' Tokyo 19 June 1940, pp.26-27

⁹⁸² FRUS, 1941 Vol. II 'The Ambassador in Japan (Grew) to the Secretary of State' Tokyo, February 5, 1941 [received March 17], p.136

⁹⁸³ Herbert Feis, *The Road to Pearl Harbor* (New York, 1967), p.136

foreign policy, the dispatch of a few American bombers and crews to China was more likely to trigger a confrontation with Japan than to prevent one.⁹⁸⁴

For the Administration to consider such a mission was also a deviation from its highly publicised role as the Arsenal of Democracy which Roosevelt announced in a fireside chat on 29 December 1940. Through this famous speech, Roosevelt portrayed the United States as the manufacturer and supplier of the weapons needed by American allies to fight the dictators. The Arsenal of Democracy confirmed a policy which had been in place since 1938, that the United States bolstered Britain's war effort with equipment not manpower, planes not an air force. The speech prepared the ground for a bill to go before the Congress in the New Year: Lend lease was the most important piece of legislation of Roosevelt's third term in office and on a par with the New Deal legislation of his first term.

Behind the scenes, Roosevelt and his cabinet experimented with a different role as arm-chair generals, talking through their first ever military plan for the Far East. Within the space of a few months, they had swung from appeasement to provocation of Japan, from using the sale of a few planes as a morale booster for Chiang Kai-shek to the other extreme, selling Chiang bombers to rain fire on Japanese cities. The secondary literature does not account for the sudden reversal of previous Far East policy. None adequately explain the link between the plan to bomb Japan from an airbase in China and the project to send a hundred fighter planes and men to the Far East which eventually turned into the AVG.

Claire Chennault portrayed the formation of the volunteer squadrons as a carefully crafted programme undertaken by himself and T.V. Soong in consultation with a few key members of the administration. He claimed that his 'strategic concept of China as a platform of air attack on Japan offered little attraction to the military planners of 1941.'⁹⁸⁵ A review of archival material and published memoirs indicates that, on the contrary, in December 1940- January 1941 Roosevelt, Morgenthau and other members of the cabinet were eager to use China as a base for bombing Japan. When deprived of

⁹⁸⁴ Blum, *Morgenthau*, p.366

⁹⁸⁵ Chennault, *Memoirs*, p.96

bombers, they came up with another scheme: to provide Chiang with some fighter planes (C-W P-40s) to stage an air diversion over the Burma Road which might distract and delay Japan from its relentless advance on the European colonies of Southeast Asia.

Herein lies the historical significance of air aid for China in the winter of 1940-1941: it was the Roosevelt Administration's first experiment in military planning and revealed the limitations of the president, his cabinet and military advisers as strategic thinkers. They accepted the threat perception of an imminent Japanese attack on Singapore and believed that airpower could provide a quick fix to prevent it. The AVG set the administration on a steep learning curve. The President had given himself the powers of a Commander in Chief but had no idea how to use them in an operational sense, as the entire AVG episode demonstrated.

Dan Ford, the authority on the Flying Tigers, Martha Byrd the biographer of Chennault and a few other historians have acknowledged that Bruce Leighton presented the earliest concept of a 'guerrilla air corps' for China in January 1940.⁹⁸⁶ Lauchlin Currie, whom Roosevelt appointed to look after the AVG, also commented some years later that, 'it appears very probable that the whole concept started with William Pawley, President of the Intercontinental Corporation.'⁹⁸⁷ Therefore in examining the origins of the AVG, it is logical to start with Intercontinent's government relations in 1939-1940.

Pawley and the State Department, September 1939

In August 1939, the Department continued its efforts to persuade Dr. Kung to allow the Patterson contract to be fulfilled but Ambassador Johnson advised his colleagues in Washington that further interference would only provide Kung and Pawley with 'specious talking points for charges that the Embassy was intervening in an unreasonable and partisan manner on behalf of Patterson.'⁹⁸⁸

⁹⁸⁶ Dan Ford, *Flying Tigers* p.24; Byrd, *Chennault* p.107; Romanus and Sunderland, *Stilwell's Mission to China* p.10; Alan Armstrong, *Pre-emptive Strike* p.16; Antony R. Carrozza *William D Pawley*, pp.61-62

⁹⁸⁷ HISU, Currie Box 5 'Statement by Lauchlin Currie on Short Term Chinese Aircraft Requirements in 1941' March 16, 1993

⁹⁸⁸ NARA, RG 59 CDF 893.248/159 'cable from Ambassador Johnson Chungking to the Secretary of State August 4, 1939

At the same time Bill Pawley went to Britain to hold talks with different government ministries about ferrying operations and assembly plants in Hong Kong or Burma.⁹⁸⁹ His discussions with British authorities were ill-timed: the outbreak of war in Europe raised anxiety about Hong Kong's vulnerability to Japanese attack. On 7 September, 1939 the Foreign Office decided that it would be too dangerous to allow Intercontinent to fly transport planes out of Hong Kong to Loiwing: the Japanese might try to intercept the plane and create an incident that the government was 'at present more than ever anxious to avoid'.⁹⁹⁰ Its veto was finally communicated to the Governor of Hong Kong on 7 November, 1939.⁹⁹¹

In the first week of September 1939 Bill Pawley returned to the United States from Britain.⁹⁹² He and his lawyer George Sellett still felt aggrieved by the State Department's intervention on behalf of Pat Patterson. Before travelling back to the Far East later that month, they wanted to tell their side of the story to the officials most involved in aircraft trade with China.⁹⁹³ After seeing Joseph Green of the Arms Control Division, they arranged meetings with Stanley Hornbeck, Head of the Far East division on 26 September, 1939.

Pawley reproached the Department for its interference in the contract. He pointed out that for years the Ambassador in China, Nelson Johnson had told him that he and the Department wanted to be 'as far removed as possible from any contact with or action regarding the activities of the competing American aircraft firms in China'.⁹⁹⁴ Hornbeck replied that until problems arose with the Patterson contract, there had been no need for

⁹⁸⁹ TNA, FO 371/23462/ F408/118/10 'Desire of Chinese Government to assemble aircraft at Rangoon and fly them to China', 13 January 1939 : minute by N.B. Ronald, 20 January 1939 p.50; TNA FO 371/23463 FO 9709/118/10; FO 371/23463 F7816/118/10 'Proposal of Messrs. Dodwell and Company for the construction of an aircraft factory in Hong Kong (Mr Pawley's scheme)' 25 July, 1939, p.171

⁹⁹⁰ TNA, FO 371/23463 F9709/118/10 'Foreign Office to Colonial Office' 7 September 1939. p.197

⁹⁹¹ TNA, FO 371/23463 F11732/118/10 'Proposed Aeroplane service between Hong Kong and Loiwing', 7 November 1939, p.200

⁹⁹² NARA, RG 36 Microfilm serial T715 microfilm roll 6396 p.120A 'Pan American Airways system, Passenger list September 10, 1939 from Lisbon Portugal to Port Washington via Horta and Bermuda'

⁹⁹³ NARA, RG 59 CDF. 893.248/168 Memorandum by Joseph Green, 13 September 1939 &

⁹⁹⁴ NARA, RG 59 CDF. 893.248/169 Memorandum of Conversation by Stanley Hornbeck' 26 September 1939, p.4

intervention. He alleged that the Department based its actions on a considerable body of testimony and that its conduct had been entirely appropriate. In fact the Department also bore a grievance. Hornbeck felt that Sellett had not been 'helpful to his country or to American business interests in general' by voicing his resentment of the Department's conduct in the Patterson affair.⁹⁹⁵ Government officials like businessmen were only human: Sellett and Pawley had not helped to create an 'atmosphere of reciprocal friendliness' nor a 'favorable attitude' on the part of the State Department towards them.⁹⁹⁶

In the afternoon Sellett made an extraordinary admission. In his opinion the Chinese were wasting money on the purchase of aircraft: they would never be able to attain air superiority over the Japanese and had achieved very little through the possession of airplanes. Sellett had often told Dr. Kung that the Chinese could spend their money to greater advantage, with which Pawley nodded in agreement.⁹⁹⁷ Neither Pawley nor Sellett seemed aware of the impact which such a remark might have on officials who already believed that the 'Pawley interests' had not served the best interests of China. Furthermore arranging sales of aircraft had become a major instrument of foreign policy. Pawley and Sellett flew in the face of President Roosevelt's conviction that the possession of large air fleets by France and England could act as a deterrent against Hitler. It was a kind of heresy – although entirely true-- to suggest that China's acquisition of airplanes had been a waste of time and done nothing to deter Japan.

On his own with Hornbeck, Pawley dwelled on the Department's prejudice against him. He wanted the 'confidence of his government' and would welcome any suggestions from State as to how he could attain it. He felt that his sales to China, amounting to US\$31 million, were a credit to his country. Pawley had new plans to extend operations into Latin America. When Hornbeck asked why the China market was not large enough, Pawley replied 'no one could say what might happen to his business there if the Japanese have greater successes.'⁹⁹⁸ He repeated that the Chinese did not need planes and could spend their money to better advantage. Hornbeck suggested that 'as a friend

⁹⁹⁵ NARA, Hornbeck Memorandum 26/9/40, p.5

⁹⁹⁶ NARA, Hornbeck Memorandum 26/9/40, p.6

⁹⁹⁷ NARA, Hornbeck Memorandum 26/9/40, p.7

⁹⁹⁸ NARA, Hornbeck Memorandum 26/9/40, p.9

of China' Pawley should sell them something which they needed and Pawley replied that he planned to do just that: he had arranged for permission to export certain commodities through Burma to China: he added somewhat cryptically 'it was very gratifying to have that matter settled in that way.'

Hornbeck regarded these conversations although 'argumentative... as perfectly amicable'.⁹⁹⁹ Nonetheless this frank exchange with State Department officials revealed how ill at ease Pawley felt with his own government. Neither he nor Sellett overcame the poor impression which the Department had formed of them during the Patterson affair. Their encounter with State Department officials is all the more interesting when contrasted with Leighton's successful lobbying of the Department of the Navy three months later.

Bruce Leighton and the US Navy

The idea of a mercenary air force for China harked back to 1939 when Dr. Kung had asked Intercontinent's directors to seek planes and men for China. Bill Pawley, Bruce Leighton and C.T. Chien, head of the CoAA technical division, took part in this conversation with Dr. Kung: Chien in his memoir also referred to this discussion as the origin of the AVG.¹⁰⁰⁰

Several letters by Leighton to Pawley or C.T. Chien expand on the meeting with Dr. Kung. On 10 February 1943, he recalled Dr. Kung's suggestion that, 'the greatest service you could do for China would be to get some experienced American pilots to fly defence airplanes etc.'¹⁰⁰¹ In September 1944 Leighton also described this conversation in detail to Chien (then based in Washington) who hoped to write a history of the AVG for the Chinese government.¹⁰⁰² As Leighton recalled, after discussing business, the group turned to the problem of stopping Japanese bombardment. Bill Pawley asked how 'he and his organisation might be of service,' to which Dr. Kung replied:

⁹⁹⁹ NARA, Hornbeck Memorandum 26/9/40, p.9

¹⁰⁰⁰ C.T. Chien, 'Fo sheng bai ji' [*One hundred life memories*] (Taiwan, 1975), chapter 40, p.58

¹⁰⁰¹ BGLA, AVG & CAMCO Folder 'Leighton to Pawley Miami, Fla. Wed. February 10, 1943', p. 1

¹⁰⁰² BGLA, AVG & CAMCO Folder 'Leighton to Col. C.T. Chien' 5 September 1944, pp.2-3

the greatest service which you can do to China – and to your own country if you but knew it, for your country cannot avoid war with Japan, if Japan's present designs in China are permitted to succeed – is to convince your government that a free China is essential to the interest of the United States, that China must be permitted to obtain modern aircraft, and a nucleus of pilots and mechanics familiar with their operations, as the basis for developing a Chinese air force capable of coping with the Japanese.¹⁰⁰³

Kung saw the mercenary air group based in China as a business venture for Intercontinent and a tactical operation for the Chinese government. According to Leighton, Kung hoped that the US government would allow CAMCO to employ American pilots in a training centre for the CAF in Western China, 'as a continuation and extension of its long established commercial dealings with the Chinese government.'¹⁰⁰⁴

At the end of 1939 both Pawley and Leighton were in the United States. In a letter of February 1943, Leighton reminded Pawley that early in 1940, they had discussed how they would handle talks with the administration about this new proposal: they had 'felt that at that stage of the matter it would be better that you [Pawley] not enter the discussion at the Navy Department.'¹⁰⁰⁵ This was not entirely surprising in light of Pawley's unsatisfactory relations with the State Department and Leighton's close contacts with Navy colleagues.

In China, Leighton had been Boswell to Pawley's Johnson, but in Washington D.C., it was the reverse. Leighton was well connected there because of his exemplary government service. A graduate of the Naval Academy (1913), he was one of the earliest Naval pilots receiving his wings in 1915, as Aviator no.40. Thereafter he flew observation missions in World War I. He went on to work for fifteen years as a pilot, engineer and aide to the first Assistant Secretary of the Navy for Air, Edward P. Warner. In 1928 Leighton joined Wright Aeronautical as its first vice president for marketing, but never lost touch with the Navy. In his memoir, C.T. Chien commented not only on Leighton's technical and tactical expertise but his 'strong social ability' and

¹⁰⁰³ BGLA, Leighton to Chien 5/9/44 p.3

¹⁰⁰⁴ BGLA, Leighton to Chien 5/9/44 p.3

¹⁰⁰⁵ BGLA, Leighton to Pawley 10/2/43 p.2

capacity to get things done.¹⁰⁰⁶ In Washington Leighton was the acceptable face of Intercontinent, particularly at the Navy Department.

In January 1940 Leighton paid his first call to Admiral Walter Stratton Anderson, the recently appointed Director of ONI.¹⁰⁰⁷ Leighton discussed the situation in China with Anderson and two officers from the Far East section, Commander John M. Creighton and Danny Boone (Major Rodney A. Boone USMC).¹⁰⁰⁸ Boone had been the regimental intelligence officer on the *USS Augusta* through much of the Shanghai Offensive.¹⁰⁰⁹ He and Creighton corresponded frequently with James McHugh in 1938-1939. After his meeting with Anderson on 16 January 1940, Leighton prepared a memorandum which Anderson forwarded to the Chief of Naval Operations (CNO), Admiral Harold R. Stark.¹⁰¹⁰ Boone also wrote up a report about the conversation with Leighton on 17 January 1940 which provided more detail of Intercontinent's activities than Leighton's brief memorandum.¹⁰¹¹

According to Boone, Leighton described the capacity of the CAMCO plant at Loiwing factory as 200 planes per year. CAMCO was assembling 30 Hawk IIIs (under the August 1937 contract) and also had an order for 75 single-engine Vultee bombers, 50 P-36s (Hawk-75-L) and 30 CW-21 Interceptors. Intercontinent also had ordered materials from the United States to build 60 Russian planes at a government factory at Chungking. Because of other commitments, however, its suppliers – principally Curtiss-Wright -- could not provide parts to fill the China orders for at least 15 months: he was alluding to large French orders placed in 1939.¹⁰¹² In the meantime the Loiwing factory

¹⁰⁰⁶ Chien, *Life Memories*, Cap 40, p.58

¹⁰⁰⁷ BGLA, Leighton to Pawley 10/2/43 p.1: Anderson was appointed mid-June 1939

¹⁰⁰⁸ BGLA, Leighton to Pawley 10/2/43: Franklin D. Roosevelt Library [FDRL] in the Collection of miscellaneous manuscripts too small to be named as collections [Misc.], Folder Joint Board # 355 - Aircraft Requirements of the Chinese Government [hereafter FDR Misc. JB #355] 'R.A. Boone to the Office of the Chief of Naval Operations [Harold Stark] concerning report of interview with Lieutenant-Commander Bruce G. Leighton USNR January 17, 1940 [hereafter FDRL Boone Report]

¹⁰⁰⁹ NARA, RG127 Box 8 R-2 Reports by Headquarters, Fourth Marines, Shanghai China August- October 1937 by Captain R.A. Boone Regimental Intelligence Officer

¹⁰¹⁰ BGLA, AVG & CAMCO Folder, Cover letter with Leighton's handwritten notes dated 3/12/43 'W.S. Anderson, Memorandum for the Chief of Naval Operations 16 January 1940' & attached memorandum [hereafter Leighton memo & cover note, 16/1/40] A copy is also in FDRL Misc. JB #355

¹⁰¹¹ FDRL, Boone Report 17/1/40

¹⁰¹² Lionel Persyn, *Les Curtiss H-75 de l'Armée de l'Air* (Outreau, 2008), pp.14 &19

handled maintenance and repairs, there being some 450 engines in need of total overhaul. He admitted problems with transport: cargo came by river steamer on the Irrawaddy to Bhamo and then was transferred to a 'rather poor' 75 mile long road from there to Loiwing.

At that time, the CAF fleet consisted of 100-200 pursuits and 50-100 bombers including Russian planes. Leighton suggested to Admiral Anderson that his company could base a separate air force at Loiwing: 160 planes consisting of 50 dive bombers, 50 twin engine bombers, 50 pursuits and ten transports. Intercontinent could 'furnish, equip, maintain and supply with personnel this number of planes without any direct participation by the United States Government.' Development of this 'guerrilla air corps' was just a matter of adding to existing personnel. Nonetheless it was critical for the US government to facilitate finance, procurement and recruitment. Thereafter it would be possible to maintain the air force for US\$5 million a year.

Leighton submitted a one-page memorandum for Admiral Stark which emphasised the strategic objective of his proposal – to organize a mobile air force for operations against Japanese waterborne supply lines.¹⁰¹³ In this respect, he reflected the cherished objectives of the Generalissimo as well as his air adviser Claire Chennault. Leighton suggested an air force of 210 planes – 100 pursuits, 100 bombers and ten transports. A staff could be organized and trained along western lines with a 'fair proportion of Western-trained pilots in lead positions, say, 50 U.S. pilots'. American banks might finance credits of up to US\$25 million for the project if US government agencies were willing to cooperate. Intercontinent could take care of all other arrangements under commercial contracts with the Chinese government 'without any direct participation by the U.S. government.'

Having sketched out his programme for ONI, a week later Leighton presented it to the Navy General Board, an advisory group of senior officers, which had no authority over operations. As Leighton recollected in February 1943 the Board's members expressed their 'personal concurrence' with his ideas: its secretary Captain Oscar Badger pointed out that several Naval officers who had served in the Pacific recommended that the US

¹⁰¹³ BGLA, Leighton memo & cover note, 16/1/40

make loans to China to help their development and keep China ‘as a friendly springboard for American activities in the event of trouble; none felt, however, that anything constructive could be done because of national policies.’¹⁰¹⁴ In a letter to Leighton dated 29 January 1940 the Board’s chairman Admiral Ernest King stated that ‘we much enjoyed what you had to tell us of your background as to conditions in China when you were here some days ago.’¹⁰¹⁵

In mid-February 1940, Captain Robert Moulton – another old friend-- discussed Leighton’s ideas with Admiral Ghormley, the assistant CNO with whom Leighton later spent an hour or so giving him ‘both barrels’.¹⁰¹⁶ Ghormley in turn arranged for Leighton to see Admiral Stark.¹⁰¹⁷ Leighton had known ‘Betty’ Stark (his Naval Academy nickname) for years because they came from the same part of Pennsylvania: he had not ‘wangled an interview’ as Dan Ford has written; the door to the CNO was opened by Admiral Ghormley.¹⁰¹⁸

Leighton had expected to see Stark alone, but on arrival found a gathering of some twenty officers.¹⁰¹⁹ Stark gave Leighton the floor to make roughly the same presentation as he had to the General Board.¹⁰²⁰ At the end, Stark turned to Dan Callahan, Roosevelt’s Naval aide and suggested that he take the President a brief memorandum prepared by Leighton about his China proposal.¹⁰²¹ On a subsequent visit to Washington, Leighton saw Callahan who explained that he had done nothing about the China proposal but would keep him posted.¹⁰²² It is worth noting that in the first half of 1940 the Secretary of the Navy was an interim appointee, Charles Edison, the son of Thomas Edison. Morton L. Deyo, a close friend of Leighton, was the aide to both Edison and his successor Colonel Frank Knox who took over in July 1940.¹⁰²³

¹⁰¹⁴ BGLA, Leighton to Pawley 10/3/43’

¹⁰¹⁵ BGLA, AVG & CAMCO Folder, ‘E.J. King (Department of the Navy General Board), to Bruce G. Leighton’ 29 January 1940

¹⁰¹⁶ BGLA, Leighton to Pawley 10/2/43, p.3

¹⁰¹⁷ BGLA, AVG & CAMCO Folder ‘Bob [Moulton] to Bruce’, probably mid February 1940; Leighton to Pawley 10/2/43

¹⁰¹⁸ BGLA, Leighton to Pawley 10/2/43, p.3; Ford, *Flying Tigers*, pp.24-25

¹⁰¹⁹ BGLA, AVG & CAMCO Folder ‘Leighton to Pawley, May 14, 1942’

¹⁰²⁰ BGLA, AVG & CAMCO Folder, ‘Leighton memo with handwritten notes dated 12 March 1943’

¹⁰²¹ BGLA, Leighton to Pawley 10/2/43, p.3

¹⁰²² BGLA, Leighton to Pawley 14/5/42, p.1

¹⁰²³ For the friendship of Deyo with Leighton, an interview with Leighton’s daughter Janet Leighton Maechling and his nephew David Trent Leighton 2008. Deyo was the aide to Secretary

On 6 May 1940 Leighton wrote a final memo for Oscar Badger, secretary of the Navy General Board. He described the groundwork for the special air unit which Intercontinent had already laid; it was shipping some 270 planes to China and could handle two to three times as many dismantled planes in the same manner.¹⁰²⁴ His firm already had the means through existing personnel and facilities to receive a visiting force. All that was required were credits from private banks to allow a continuous program on a 'purely spontaneous commercial basis, without direct formalised plans on the part of our government.'¹⁰²⁵

After these last submissions to friends in the Navy in May 1940, Leighton recalled that nothing much happened about the project until the autumn: he was involved in running a new Intercontinent assembly plant near Miami; Pawley left for China on 12 March 1940 and returned on 22 July.¹⁰²⁶ Foreign Office records in the National Archive reveal the most likely reasons why the trail went cold: the CAMCO plant at Loiwing posed mounting financial, logistical and strategic difficulties for Intercontinent. Pawley spent much of the spring and early summer of 1940 trying to find solutions to the problems with British authorities in Hong Kong, Rangoon and Delhi.

Pawley, Burma and India 1940

Pawley became a familiar figure to British officials in Hong Kong and Whitehall during the course of 1937-1939 through a series of proposals to assemble or build aircraft in Hong Kong. In 1937-1938, the Cabinet Office withheld permission for any such operations in Hong Kong to avoid an adverse reaction from Japan.¹⁰²⁷ It had no objection, however, to a plant in Burma and hoped that eventually Pawley could be induced to establish one.¹⁰²⁸ Nonetheless in 1939 the Prime Minister Neville

of the Navy Charles Edison as well as Frank Knox until April 1941: for Deyo's appointment correspondence 2 June 2009 with Curt Lawson, Library Research Volunteer National Museum of Naval Aviation, Naval Air Station, Pensacola Florida.

¹⁰²⁴ BGLA, AVG & CAMCO Folder 'Leighton to Oscar Badger May 6, 1940' p.1

¹⁰²⁵ BGLA, Leighton to Badger 6/5/40, p.2

¹⁰²⁶ BGLA, Leighton to Pawley 14/5/42, p.2

¹⁰²⁷ TNA, FO/371/22157 F3284/3284/10 'Proposed erection in Hong Kong of factory for manufacture of commercial and military aeroplanes' 26 March 1938, pp. 66-79

¹⁰²⁸ TNA, FO/371/22157 F4832/3284/10 : 'Strategical Importance of Burma as opposed to Hong Kong for the location of an Aircraft Factory' 17 May 1938, p.99

Chamberlain also imposed a ban on erecting military aircraft in Burma for export to China to avert Japanese displeasure.¹⁰²⁹

At the end of May 1940 Pawley approached Sir Archibald Cochrane, Governor of Burma about diverting to Allied use 50 of the 77 Vultee long-range bombers which he had sold to Dr. Kung in October 1939.¹⁰³⁰ Furthermore, if the British were interested in this initial order, he asserted that the Chinese government would be willing to share the Loiwing plant with the Burma government and possibly extend its capacity.¹⁰³¹ The Colonial Secretary asked Cochrane to pursue the matter with Pawley. Given the shortage of military aircraft in the Far East, the offer could not be turned down; the Air Ministry did not particularly like the Vultee bomber but suggested that it might be suitable for India.¹⁰³²

Pawley subsequently assured Cochrane that he was acting on behalf of the Chinese government to sell 50-100 Vultee bombers: the materials for the first fifty Vultees were already in transit.¹⁰³³ These could be manufactured at Loiwing and then delivered from mid-July 1941 onwards up to March 1942.¹⁰³⁴ Pawley might also be able to offer 150-200 fighters if the British Purchasing Mission in Washington could secure release of extra planes from their current orders.

Pawley then made a second suggestion. An entirely new factory in Burma dedicated to British requirements in the Far East would be preferable to extending capacity at Loiwing: he considered labour conditions in Burma were 'favourable for manufacture of aeroplanes.'¹⁰³⁵ His proposal suited the Foreign Office which for some time had

¹⁰²⁹ TNA, FO/371/23462/ F408/118/10: minute by N.B. Ronald 20 January 1939, p.50

¹⁰³⁰ TNA, FO/371 /25194 W8101/8101/49 Production of aeroplanes for the Allies at Loiwing factory 31 May 1940: 'Dear Hammon' 22 June 1940, p.218

¹⁰³¹ TNA, FO/371/25194 W8101/8101/49 'Production of aeroplanes for the Allies at Loiwing factory' 31 May 1940, p.213; 'Telegram from Governor of Burma 24th May 1940', p.215

¹⁰³² TNA, FO/371/25194 W8101/8101/49: 'Telegram from the Secretary of State to the Governor of Burma 27 May 1940', p.216

¹⁰³³ TNA, FO/371/25194 W8101/8101/49: 'Telegram from Governor of Burma' 21 June 1940, p.219

¹⁰³⁴ TNA, FO/371/25194 W8101/8101/49 : 'telegram from Governor of Burma' 25 June 1940, p.224

¹⁰³⁵ TNA, FO/371/25194 W8101/8101/49 : 'telegram from Governor of Burma' 21 June 1940, p.219

wanted to exploit Rangoon as an alternative to Hong Kong for aviation facilities.¹⁰³⁶

Recent events had heightened anxiety about air defence in the Far East. Pre-occupied by the threat of Japanese aggression, officials appear not to have probed the reasons for this unexpected offer from the Chinese government. They may have been aware that Chiang had given up on his own air force: in February 1939 R.S. Aitken, the British air attaché had reported a remark by Chiang: 'we have had to do without a Navy, we would be better without a rotten Air Force.'¹⁰³⁷ In offering planes which had only just been ordered, the Chinese government reflected this loss of confidence in the CAF.

Numerous military attaché reports in this period confirmed the abysmal state of the air force in 1937-1940.

When Pawley offered Vultees to the governor of Burma in June 1940 the British government had already come under pressure from Japan to suspend all arms shipments to China via rail, river or road from Hong Kong and Rangoon: all modes of delivering materiel into China were collectively known as the Burma Road. Unable to fight a war on two fronts, Churchill complied with the Japanese demand and closed the Burma Road from 18 July to 18 October 1940. The suspension of deliveries could not have come at a worse time for Intercontinent as it would delay output at Loiwing by at least three months. Furthermore if or when the Burma Road reopened, the Japanese almost certainly would bomb the factory.¹⁰³⁸ In late September D.T. Monteath of the Burma Office in Whitehall regarded Loiwing as a 'moribund concern.'¹⁰³⁹

An indication of Pawley's anxiety about Loiwing was the pursuit of new business in India. In July 1940 he and Sellett flew to Delhi to discuss a joint venture proposed the previous year by Walchand Hirachand: Walchand and Pawley had met by chance on the China clipper from California to Hong Kong: by the end of the trip they allegedly had drafted an agreement for an aircraft factory in India.¹⁰⁴⁰ When Pawley returned to the

¹⁰³⁶ TNA, FO/371/23462 F1215/118/10 'Mr Pawley's schemes for assembling aircraft for Chinese Government' 7 February 1939, p.68: 'Telegram Secretary of State for the Colonies to the Governor of Hong Kong' 25 January 1939, p.71

¹⁰³⁷ TNA, FO/371/23463 F 3687/118/10 'Report on Chinese Air Force' 17 April 1939, p.6

¹⁰³⁸ TNA, FO/371/25194 W10349/8101/49 'Production of aircraft for the Allies at Loiwing factory' 15 September 1940, p.227: 'Burma Office to Foreign Office' 24 September 1940, p.235

¹⁰³⁹ TNA, FO/371/25194 W10349/8101/49: 'Burma Office to Foreign Office' 24/9/40

¹⁰⁴⁰ Gangadhar Devrav Khanolkar, *Walchand Hirachand: man, his time and achievements* (Bombay, 1969), p.331

United States in mid-July 1940, Sellett pursued the negotiations, shuttling back and forth between Delhi and Loiwing until the end of the year.¹⁰⁴¹

On 21 August 1940 the newly appointed Secretary of State for India, Leo Amery presented to the British War Cabinet full details of the Pawley -Walchand factory scheme.¹⁰⁴² The Government of India had been 'impressed by Mr. Pawley's enterprise... and by his achievements at Loiwing under conditions of far greater difficulty than exist in India.'¹⁰⁴³ If restrictions on delivery of military supplies to China remained in force, then Mr Pawley 'may well be obliged to transfer his energies elsewhere; and it is considered that his ability and experience would be a great asset to India and to the Empire as a whole.'¹⁰⁴⁴ The contrast between Pawley's standing with British authorities and his own government could not have been more sharply drawn.

On 4 September the War Cabinet decided to withhold approval for the India factory. Lord Beaverbrook, Minister of Aircraft Production (M.A.P) commented that the British government had contracted for every available engine which it could obtain from the United States: if the project for India went through, it would absorb engines needed for air frames already on order. Ministers agreed, however, to reconsider the Walchand-Pawley proposal in two months' time.¹⁰⁴⁵

On 22 September 1940 the government of India discovered more about the Walchand-Pawley scheme: Pawley planned to supply it with half of the 300 planes ordered recently for the Chinese government: 60 CW Hawk-75s; 70 CW 21 interceptors; 110 Vultee '12D' bombers; 60 Harlow trainers.¹⁰⁴⁶ Officials also discovered why the Chinese government was willing to sell planes to India through Pawley: the Chinese government had 'failed to meet their cash obligations towards Mr. Pawley and ..for that reason Mr Pawley ...has been able to persuade the Chinese to forgo to a considerable

¹⁰⁴¹ TMC, letters of Mamie Porritt to her husband, passim July 3, 1940 to yearend.

¹⁰⁴² TNA, CAB/67/8/19 W.P. (G), (40), 219 'The Manufacture of Aircraft in India' 21 August 1940

¹⁰⁴³ TNA, CAB/67/8/19 W.P. (G), (40), 219 Amery memo, p.1

¹⁰⁴⁴ TNA, CAB/67/8/19 W.P. (G), (40), 219 Amery memo, p.1

¹⁰⁴⁵ TNA, CAB/65/9/3 'W.M (40), 241st Conclusions' 4 September 1940, p.21

¹⁰⁴⁶ TNA, FO/371/25194 W10349/8101/49 : 'Secretary of State to Governor of Burma '1 October 1940', p.240

extent their claims upon him'.¹⁰⁴⁷ Nonetheless the British government were uneasy about depriving the Chinese of planes for resisting Japan.¹⁰⁴⁸ Rather than approach the Chinese government directly, they preferred to ask Pawley for verification, as he had conducted the negotiations in the first place.¹⁰⁴⁹

Loiwing was a white elephant, unsatisfactory as a production facility and a drain on the resources of Pawley and the Chinese government. In mid October 1940 its vulnerability to Japanese attack was also confirmed. As soon as the Burma Road reopened on 18 October Japanese bombers flew over Loiwing and a week later returned in an attempt to destroy it.¹⁰⁵⁰ Mamie Porritt wrote to her husband that on 26 October 35 Japanese airplanes dropped 150 bombs on the complex.¹⁰⁵¹ Fortunately the main factory building was left untouched although several workshops and 120 houses for the Chinese workers were demolished.¹⁰⁵² Therefore, as Bruce Leighton wrote to his brother Delmar on 21 December 1940, factory operations continued in spite of the visit by Japanese bombers.¹⁰⁵³ Since the machine tools were undamaged, the factory could be recreated elsewhere.

The bombing of CAMCO solved problems for Chiang's regime, the British government and Intercontinent. Up to that point the British government had adhered to the prohibition on assembling planes in British territory and flying them into China; they also had been in two minds about Pawley's proposed sale of Chinese planes to the government of India. Because of the Japanese attack on CAMCO, however, the Foreign office had sound reasons to seek repeal of the Cabinet Office restriction on erecting military planes in British territory and ferrying them to China.¹⁰⁵⁴ The Foreign Office now saw an opportunity to gain credit with the Chinese by helping them out with

¹⁰⁴⁷ TNA, FO/371/25194 W10349/8101/49 : 'W.D. Croft India Office to N. B. Ronald Foreign Office' 7 October 1940, p.243

¹⁰⁴⁸ TNA, FO/371/25194 W10349/8101/49 : 'W.D. Croft India Office to N. B. Ronald Foreign Office' 25 October 1940, p.252

¹⁰⁴⁹ TNA, FO/371/25194 W10349/8101/49 : minute by N. B. Ronald Foreign Office 27 October 1940, p.249

¹⁰⁵⁰ TNA, FO/371/25194 W10349/8101/49 : 'Governor of Burma to Secretary of State for Burma' 19 October 1940, p.246

¹⁰⁵¹ TMC Porritt, 28 October & 18 November 1940.

¹⁰⁵² TMC Porritt, 28 October 1940

¹⁰⁵³ BGLA, Folder Delmar Leighton, 'Leighton to Delmar Leighton' 21 December 1940

¹⁰⁵⁴ TNA, FO/371/25194 W11578/8101/49 'Loiwing Aircraft factory' 5 November 1940, p.256: Burma Office Memorandum 'Help in the air', p.257

assembly operations. Finally the Government of India had less trouble persuading the War Cabinet to approve the Pawley-Walchand scheme for its own aircraft supply: air defence had become vital to Far East security: the new Indian Air Force needed planes which Pawley could supply without depriving other theatres of combat planes. The Vultees were considered suitable for India – better than nothing at all.

On 20 November the government of India ordered 24 Vultees and 30 Harlow trainers for the Walchand-Pawley plant: it would ‘welcome transfer of whole or part of Loiwing plant to India’.¹⁰⁵⁵ At the very end of December 1940 the Government of Burma also gave Intercontinent permission to erect seventy-two planes at the Mingaladon airfield next to Rangoon for the CAF (six Condors for air freight between Kunming and Lashio, the rest trainers).¹⁰⁵⁶ On 4 January 1941 British authorities formally sanctioned the removal of the machinery from CAMCO at Loiwing to India and granted permission for Chinese pilots to ferry planes back to China.¹⁰⁵⁷ Pawley, who had cultivated British officials for several years, had built a solid foundation for future relations with colonial authorities as well as departments in Whitehall.

British diplomats informed State Department officials about the transfer of the Loiwing plant to Bangalore on 24 December 1940, expressing confidence that the Americans would welcome these decisions.¹⁰⁵⁸ There is no evidence that the State Department had followed Pawley’s negotiations about the two factory projects during 1940. Nor did anyone at the time comment on the inherent contradiction in Chinese conduct: on the one hand Dr. Kung hoped to sell off up to half of the 300 planes which he had recently ordered from Intercontinent while at the same time the Roosevelt Administration sought to sell the Chinese a comparable number of combat planes.

¹⁰⁵⁵ TNA, FO/371/25194 W11578/8101/49 : ‘Government of India to Secretary of State for India’ 20 November 1940, p.264

¹⁰⁵⁶ TNA, WO/106.3555A ‘Malaya and Burma 234.Air ‘Erection of Aircraft at Rangoon for Chinese Air Force’ 31/12/40

¹⁰⁵⁷ NARA, RG 59 CDF 893.00/14620 PS/FF ‘Cable Johnson (Chungking) to the Secretary of State’ 4 January 1941 (microfilm LM183/2)

¹⁰⁵⁸ TNA, FO/371/27606 F13/13/10 ‘Assembly in India and Burma of aircraft for China’: telegram to Dominions 24 December 1940

Chinese and American approaches to air aid

In the autumn of 1940 it became evident that Chiang no longer wanted to build up and maintain his own air force. The small mobile air unit which Leighton discussed with the Navy was also not exactly what the Generalissimo had in mind. He sought massive *official* air assistance from the United States and the United Kingdom to replace Russian air assistance which Stalin was gradually withdrawing from China. In numerous memoranda submitted to the State Department in November –December 1940, Chiang called for a ‘special air unit’ manned by British and American pilots and comprising at least 500 planes which could help to check the Japanese southward advance on the Far East colonies of Britain, France and the Netherlands.¹⁰⁵⁹ ‘This striking force...which could be based near the coast would, by its threat to Japan proper, Formosa and their newly acquired base in Hainan, act as a most effective deterrent to Japanese designs on Singapore and Dutch East Indies.’¹⁰⁶⁰ Chiang stressed the impact which the bombing of Japan proper would have on ‘Japanese psychology’ given the strain and privation experienced by its people who had been promised that the ‘Chinese adventure’ would only last a few months.

Chiang suggested that American and British planes could be assembled in Rangoon or India -- a reflection of recent agreements secured by Bill Pawley with the British government. From Burma or India, planes could be flown to airbases in China or transported from Rangoon by water to the Chinese border and assembled there. The Generalissimo appealed to both the British and American governments for immediate action to create these squadrons in time to fend off a Japanese advance on Singapore in the spring of 1941. Through November and December 1940 Soong pressed State Department officials as well as British diplomats in Washington for a response to Chiang’s demands for a triple alliance and massive air assistance. He described the air assistance plan as ‘a British-American air force to operate in China in the interest of the Chungking Government.’¹⁰⁶¹

¹⁰⁵⁹ NARA, RG59 CDF 893.248/194 ‘Memorandum of Conversation Hull and Soong, Aid to China’ November 28, 1940

¹⁰⁶⁰ NARA, RG59 CDF 893.248/194 ‘unsigned confidential communication from Chiang Kai-shek to the President’

¹⁰⁶¹ FRUS, 1940 Vol. IV ‘Memorandum of Conversation by the Under Secretary of State (Welles), [Washington] December 14, 1940, p.711

The Roosevelt Administration had no intention of complying with Chiang's grandiose plan for international air aid but there were elements of Chiang's thinking that struck home. Roosevelt very likely read Chiang's memorandum that day for he called Morgenthau to express his concern about China – the deterioration of the political situation as well as its currency.¹⁰⁶² The President wanted the RFC to organize within twenty-four hours a stabilisation loan of US\$100 million.¹⁰⁶³

In a Cabinet meeting on Friday 29 November Roosevelt and his colleagues discussed the proposed Stabilisation Loan as well as the possible use of airplanes by China against Japan. In his diary, Harold Ickes echoed the words of the memo submitted by Soong.¹⁰⁶⁴ With airplanes, the Chinese could inflict great damage on Japan: they had airfields within striking range of Japan; if Japan experienced 'incendiary bombs rained' on cities built of wood, its people would know what war meant in a manner that nothing else could do.¹⁰⁶⁵ The fantasy of raining fire on Japan's cities from mainland China went back many years to a proposal for T.V. Soong by George Westervelt in March 1932.¹⁰⁶⁶ In his memoir, Chennault also mentioned his plan for 'fire-bomb attacks on the teeming bamboo ant heaps of Honshu and Kyushu.'¹⁰⁶⁷

Cabinet members betrayed ill-founded prejudices in promoting a plan to bomb Japan from the Chinese mainland. As Ickes pointed out, they presumed without question that the Japanese were 'naturally poor air men':

They cannot cope with the fliers of other nations, and the opinion was that China could get all of the American fliers it could use. In connection with this, and the talk of credits of \$100 million to China, one member of the Cabinet said that Great Britain was willing to advance \$60 million to China. It looks as if we were getting around to the point of really helping China and perhaps even supplying it with some bombers.¹⁰⁶⁸

If Cabinet members had ever read intelligence reports about the state of the CAF or its airfields, they ignored them: they wanted to believe that China could become the base for a limited strategic offensive against Japan to keep it from attacks on Singapore and

¹⁰⁶² Blum, *Morgenthau*, p.363

¹⁰⁶³ See also Schaller, *Crusade*, p.70

¹⁰⁶⁴ Ickes, *Secret Diary Vol.III*, pp.387-388

¹⁰⁶⁵ Ickes, *Secret Diary Vol. III*, pp.387-388

¹⁰⁶⁶ HISU, ANY Box 36 Mil/Av, Westervelt to Soong, 10/3/32, p.2

¹⁰⁶⁷ Chennault, *Memoirs*, pp.96-97

¹⁰⁶⁸ Ickes, *Secret Diary Vol. III*, pp.387-388

the Dutch East Indies. In December 1940 the projection of airpower into China became part of Roosevelt's strategy of deterrence towards Japan.

As arm-chair strategists, Roosevelt and his colleagues had not given much thought to execution. They conceived of air aid to China, strictly in terms of airplane sales. Since there was a shortage of planes to serve everyone's requirements, it was far from clear how planes for China would be sourced, manned and deployed. When the administration sold equipment to Britain there was no question that the RAF could fly and maintain American planes. Neither Roosevelt nor his Cabinet members with the exception of Navy Secretary Frank Knox took fully into account the current state of Chiang's air force. They assumed that the CAF would be able to handle whatever planes were on offer with some help from American advisers. Finally, in contemplating the sale of some bombers or combat planes to China, the administration did not take into consideration the impact which the diversion of aircraft to China might have on America's principal ally, Great Britain.

Roosevelt and Plane Aid to Britain

In describing Roosevelt as Commander in Chief, the historian William Emerson commented, 'from the Munich crisis onwards, Roosevelt pursued a diplomacy of deterrence in which military appearances, including aid to allies, were no less important, in many respects were more important, than military realities.'¹⁰⁶⁹ In the aftermath of the Munich crisis, faith in a show of force rather than the use of force informed Roosevelt's concept of airpower. Roosevelt came to the view that air superiority gave Hitler both a psychological and strategic advantage over his European neighbours: if the allies had air fleets to match the *Luftwaffe*, they would impress and deter Hitler.¹⁰⁷⁰ Equipped with American arms and aircraft, they might even fight as 'America's proxy' against Nazi Germany.¹⁰⁷¹

¹⁰⁶⁹ William Emerson, 'Franklin Roosevelt as Commander-in-Chief In World War' *Military Affairs*, Vol. 22, No. 4 (Winter, 1958-1959), p.187

¹⁰⁷⁰ Robert Dallek, *Franklin D. Roosevelt and American Foreign Policy, 1932-1945* (New York, 1979&1995), pp. 186-187

¹⁰⁷¹ Richard Overy with Andrew Wheatcroft, *The Road to War* (London, 2009), p.381

Roosevelt regarded airplane sales as the principal contribution of the United States to Britain's war effort. Furthermore, aircraft exports to allies could subsidize the expansion of the US aircraft industry at no extra cost to taxpayers.¹⁰⁷² Finally sales to allies were to take precedence over US military procurement because Britain and France were America's first line of defence.¹⁰⁷³ As the historian Mark Watson has pointed out, 'the President's whole emphasis was upon airplanes. There was none whatever on an air force...the airplanes were, in his mind, principally destined not for the US Army Air Corps (USAAC) but for direct purchase by the air forces of Great Britain and France.'¹⁰⁷⁴ When military planners showed the President a chart revealing the impact of air aid to Britain on the USAAC, he waved them aside with a brusque 'Don't let me see that again.'¹⁰⁷⁵

In foreign and military policy, Roosevelt tended to dispense with the details. As George Marshall noted, the president was easily bored: all data had to be put on one piece of paper with 'a few pungent sentences of description.' Once his interest was intrigued, however, there was no limit to his interest as Marshall observed.¹⁰⁷⁶ Roosevelt was also fully capable of hiding his convictions while maintaining another stance in public. He delegated project management to others, particularly Henry Morgenthau Jr, whom he described as his right hand – although apparently he stated that he 'kept his left hand under the table.'¹⁰⁷⁷

In 1938 Morgenthau began to liaise with French and British purchasing agents on an *ad hoc* basis. Through an executive order, Roosevelt discreetly allowed them access to the latest combat planes including the C-W P-40, thus circumventing objections from the USAAC and the isolationist Secretary of War Harry Woodring about releasing anything but obsolete planes for export.¹⁰⁷⁸ In July 1939 Roosevelt extended his authority as Commander in Chief by invoking a little known presidential power, the Military Order,

¹⁰⁷² I.B. Holley, *Buying Aircraft : Matériel Procurement for the Army Air Forces* (Washington, 1964), pp.194-195

¹⁰⁷³ Blum, *Morgenthau Vol. II*, p.65

¹⁰⁷⁴ Mark Watson, *Chief of Staff: Prewar Plans and Preparations* (Washington DC, 1950), p.138

¹⁰⁷⁵ Dallek, *Roosevelt*, p.545

¹⁰⁷⁶ Harold Gullan, 'Expectations of Infamy: Roosevelt and Marshall Prepare for War, 1938-1941' *Presidential Studies Quarterly*, Vol. 28, No.3 (Summer,1998), p.515

¹⁰⁷⁷ Quoted by Robert Dallek, *Franklin D. Roosevelt and American Foreign Policy, 1932-1945* (New York, 1995), p.42

¹⁰⁷⁸ Blum, *Morgenthau Vol.II*, p.65

which allowed him to extend his control over aircraft procurement and production policy.¹⁰⁷⁹ In January 1940 he set up the President's Liaison Committee headed by Philip Young to work with Morgenthau on the coordination of production and sales of planes to France and Britain.¹⁰⁸⁰

After the Fall of France, the principle was established that Britain and the United States would share American aircraft output, although in practice priority was given to Britain. In July 1940 *The New York Times* succinctly referred to the entire policy of air assistance for Britain as 'plane aid'.¹⁰⁸¹

In July 1940 passage of the National Defense Act provided the means to expand US procurement in earnest. It also enabled the President's Liaison Committee to suspend or divert any British orders for American defence if the President deemed it necessary.¹⁰⁸² Armed with this new power to interfere in established contracts, Roosevelt and his cabinet began to manipulate aircraft sales for different objectives. In particular, he and Hull wanted to use small aircraft sales to show moral support for weaker allies such as China and Greece. There was a shortage, however, of planes to serve the needs of all allies as well as the US military: up to the autumn of 1940 the USAAC on average had received only one plane for every two sent to Britain.¹⁰⁸³ The American military had started to resent the priority which Britain was awarded on scarce supplies of modern combat planes and was unwilling to give up any planes to 'lesser' allies such as China or Greece. Therefore 'plane aid' became a zero sum game: to pay Chiang or Metaxas, Roosevelt had to rob from Churchill, that is, to take planes from British allocations.

British P-40s for Greece and China

Historians have tended to presume that the British agreed to divert a hundred P-40s to China because they recognised the urgency of getting planes to China. In his memoirs, Claire Chennault asserted, that Britain was 'glad to exchange the P-40B for a model

¹⁰⁷⁹ Emerson, 'Roosevelt', p.183

¹⁰⁸⁰ H.Duncan Hall, *North American Supply* (London,19455), p.83

¹⁰⁸¹ NYT 'Morgenthau hails British Plane Aid' 26/7/40

¹⁰⁸² Hall, *Supply*, p.165

¹⁰⁸³ My estimate based on figures provided by Holley, *Buying Aircraft* p.555 and LOC, *Morgenthau* Reel 27, Book 324, 'Summary of Orders of the British Empire, October 12, 1940', p.180

more suitable for combat' at a later date.¹⁰⁸⁴ The notion that the British were willing to give up planes for China, however, does not stand up to scrutiny: in the winter of 1940-1941, the British urgently needed every plane available for spring campaigns in the eastern Mediterranean. British archives reveal the indignation of British officials who came under pressure from Morgenthau and Philip Young to give up planes.¹⁰⁸⁵ Months later, the British were still incensed by the diversion of planes to China and looked for a way to regain access to them. In February 1941 they found the solution: British and Chinese officials decided that the P-40 squadrons would be based in Burma rather than Yunnan and unofficially incorporated into the colony's air defence.

To meet the President's demands for aircraft sales to Greece and China, Morgenthau and Young asked representatives of the British Air Commission (BAC) to release planes from deliveries in the near term while promising them compensation from future production for which the British also had to pay immediately. As the British needed every plane possible, they felt that they had no option but to comply.

Whenever Curtiss-Wright alerted the government to an increase in output, Young and Morgenthau wanted orders to be placed as quickly as possible to allow manufacturers adequate lead time to secure materials for production. As soon as Young informed British officials of additional output, they booked the P-40s. In mid-November 1940 Philip Young learned that CW could produce an additional hundred P-40s starting in mid-1941. The BAC hoped to acquire the entire lot but Young asked officials to take only fifty on the understanding that the administration would distribute the rest to South American countries for 'political reasons.'¹⁰⁸⁶ On 21 November Curtiss-Wright let it be known that it could raise P-40 production to 194 in the following summer. Young then applied pressure to secure planes for Greece: if the BAC would agree to release to the Greeks 30 to 50 P-40s from current shipments, the administration would increase the British allocation of P-40s in the summer of 1941 from 50 to 80.¹⁰⁸⁷ The Greeks

¹⁰⁸⁴ For quotations and interpretations see Chennault, *Memoirs*, pp.100 -102; Ford, *Flying Tigers*, pp.34 & 39; Byrd, *Chennault*, pp.112 & 119

¹⁰⁸⁵ TNA, AIR/19/500 'Foreign office cypher telegram no. 300 to Butler 14 January 1941'

¹⁰⁸⁶ TNA, AVIA/38/732 'BRINY No.1572 To: Ministry of Aircraft Production From Morris Wilson November 23,1940

¹⁰⁸⁷ TNA, AVIA/38/732 BRINY No. 1572 23/11/40

lobbied daily for airplanes and on 20 November Roosevelt promised to offer them up to 60 P-40s which they were to obtain through the BAC.¹⁰⁸⁸

At the Ministry of Aircraft Production (MAP) Lord Beaverbrook declared that ‘tactical considerations’ would not allow the diversion of P-40s to Greece.¹⁰⁸⁹ Young, however, countered that up to 23 November 1940 Britain had received 296 P-40s whereas the Army Air Corps had received only seven. The State Department became thoroughly ‘annoyed’ by Britain’s unwillingness to cooperate, reminding British diplomats in Washington that it was ‘the President’s most positive desire that these thirty planes be released to the Greek Government.’¹⁰⁹⁰

The BAC gave MAP the gist of how the US government hoped to embarrass the British into handing over the planes for Greece:

Everyone in the Administration is doing all possible to help the British and will continue to do so despite the various legal and other difficulties, and they all feel that in this small way, the British should be willing to cooperate in supporting the American foreign policy. The President and the State Department have apparently great belief in the moral and psychological effect that could be obtained from a statement that the United States and Great Britain were assisting Greece by a release of aircraft production capacity by the former, and a deferment of immediate deliveries by the latter.¹⁰⁹¹

The British hoped that some ‘alternative gesture of support’ could be worked out, proposing at one point that thirty Defiant planes already in the Middle East might be sent to Greece even though, as they pointed out, thirty would not form even one squadron.¹⁰⁹² The deadlock over Greek planes continued into January 1941. Within weeks, however, the administration used similar tactics to induce the British to release P-40s to China, giving rise to another test of the special relationship. By 3 December

¹⁰⁸⁸ FRUS, 1940 Vol. III ‘The Minister in Greece (MacVeagh) to the Secretary of State’ 9 December 1940, p.596

¹⁰⁸⁹ TNA, AVIA/38/732 ‘Additional Capacity for Production of P-40 Type aircraft – Connection possible release to Greece’ 10 December 1940

¹⁰⁹⁰ TNA, AVIA/38/732 P-40s for Greece 10/12/40 & FRUS, 1940 Vol. III ‘Memorandum by the Under Secretary of State (Welles) to the Chief of the Division of Near Eastern Affairs (Murray)’, [Washington,] 6 December 1940, p.594

¹⁰⁹¹ TNA, AVIA/38/732 P-40s for Greece 10/12/40

¹⁰⁹² TNA, AVIA/38/732 P-40s for Greece 10/12/40 & ‘Note on Need for Building up Deliveries of P.40’s to England and Middle East’; FRUS, 1940 Vol. III ‘Memorandum by the Chief of the Division of Controls (Green) to the Secretary of State’ [Washington] 16 December 1940, p.598

Philip Young had offered the Chinese Delegation up to 50 C-W P-40s which unbeknownst to the British would have to come from their orders.¹⁰⁹³

Bombers or fighters for China

The United States was in no position to offer Chiang the 500-1000 planes which he claimed were essential for deterring Japan from attacks on European colonies in Southeast Asia. On 8 December Morgenthau told Soong that asking for 500 planes was like asking for 500 stars.¹⁰⁹⁴ Nonetheless he thought it might be possible to sell China three or four long-range bombers and train crews in the United States so that the Chinese could use them 'to bomb Tokio and other big cities.'¹⁰⁹⁵ Morgenthau believed that he could hire a crew within a month or so to fly the bombers; he had the backing of the president and fellow cabinet members for this plan. Hull also turned out to be an advocate although he wondered how the bombs would reach China in time. Morgenthau saw no problem in having the planes flown to China via Hawaii and the Philippines.¹⁰⁹⁶ He had no idea that the Flying Fortress had not yet made this trip of nearly 10,000 miles: the Army did not attempt a test flight between San Francisco and Honolulu until May 1941 and from there to Manila only in the following September.¹⁰⁹⁷

Morgenthau passed on Chiang's various memoranda to the President, who was 'simply delighted, particularly with the one about the bombers.'¹⁰⁹⁸ On 18 December Roosevelt stated that he had been dreaming about this for years and proposed that 'the four of you work out a program,' referring to Morgenthau, Hull, Knox and Stimson.¹⁰⁹⁹ Roosevelt turned to Knox and asked 'how about that long distance bomber that you have? How about the Admiral of the Fleet? He has a four-engine bomber. Does he need that?'¹¹⁰⁰

¹⁰⁹³ NARA, RG59 CDF 893.248/209½ PS/JI 'Max Hamilton Far East Division to the Secretary' 3 December 1940

¹⁰⁹⁴ Blum, *Morgenthau Vol. II*, p.366

¹⁰⁹⁵ Blum *Morgenthau Vol. II*, p.366

¹⁰⁹⁶ Blum *Morgenthau Vol. II*, p.366

¹⁰⁹⁷ John Burton, *Fortnight of Infamy: the Collapse of Allied airpower west of Pearl Harbor* (Annapolis MD, 2006), p. 47

¹⁰⁹⁸ Blum, *Morgenthau Vol. II*, p.367

¹⁰⁹⁹ Blum, *Morgenthau Vol. II*, p.367

¹¹⁰⁰ LOC, Morgenthau, Reel 33 Vol. 342-A 'T.V. Soong, Mrs Klotz, Mr. Young December 20 1940 4:00 pm', p.18

Morgenthau mentioned his idea to the British Ambassador Lord Lothian, who initially expressed some enthusiasm. After consulting the Foreign office, however, Lothian considered such a scheme impracticable and likely to provoke strong Japanese retaliation.¹¹⁰¹ Roosevelt and his Cabinet colleagues for some reason had never considered the possibility of a strong Japanese reaction if the Chinese attempted to bomb the homeland with Flying Fortresses.¹¹⁰² The only inference to be drawn is that they were convinced that Japan would capitulate if heavily bombed – just as Chiang had suggested in his memo of 28 November.

Distracted by his ‘hush-hush thing’ to secure bombers for China, Morgenthau let other matters slip.¹¹⁰³ On 12 December Curtiss-Wright had informed Philip Young that it could now raise estimated output for summer 1941 from 194 to 300 P-40s.¹¹⁰⁴ On 14 December BAC representatives expressed their interest in acquiring all 300 planes for US\$14 million although they would have preferred the US Army to place the order because their cash reserves were starting to run low.¹¹⁰⁵

On Friday 20 December Morgenthau discussed the distribution of this new capacity with Frank Knox. On hearing that there were now 300 P-40s, Knox exclaimed: ‘Well, by God, we ought to grab some of those for the Chinese.’ Morgenthau pointed out that Britain had enough engines for all 300 planes – owing to the cancellation of a contract with Lockheed, but there were other suitors from Latin America, China and Greece whose claim to P-40s had yet to be settled.¹¹⁰⁶

Stimson was considerably more cautious about sending bombers to China than Morgenthau: he regarded such a plan as typical of Chinese strategy rather than ‘well-thought-out American strategy.’¹¹⁰⁷ In order to ‘get some mature brains into it’ Stimson invited the Army chief of staff General George Marshall to a meeting with Morgenthau

¹¹⁰¹ Blum, *Morgenthau Vol. II*, p.365

¹¹⁰² See also Schaller, *Crusade*, p.75

¹¹⁰³ LOC, Morgenthau, Reel 33 Vol. 342-A ‘Conversation Frank Knox and Morgenthau’ 20 December 1940, p.20

¹¹⁰⁴ TNA, AVIA 38 732 ‘Memo from Mr. E.N. Gray to Mr. C.R. Fairey, December 12, 1940’

¹¹⁰⁵ LOC, Morgenthau Reel 33 Vol. 342-A ‘Note for Mr. Secretary Morgenthau Order 300 Hawk 81A’s p.lus 30 % spares (value \$14,000,000), 21 December 1940, p.45

¹¹⁰⁶ LOC, Morgenthau, Reel 33 Vol. 342-A ‘Conversation Frank Knox and Morgenthau’ 20 December 1940 p.21

¹¹⁰⁷ Blum, *Morgenthau Vol. II*, p.368

and Knox: they met at Stimson's house on Sunday 22 December. Marshall was opposed to the release of any bombers which he felt could be put to better use by the British. He reasoned that it would make more sense for the British to give up some of their pursuit ships to the Chinese than to forgo bombers. Thereafter Morgenthau agreed to work on airpower plans for China with Marshall.¹¹⁰⁸

On the morning of 23 December Hull held a meeting with Knox, Morgenthau, Stimson and their chiefs of staff to discuss the future allocation of the 300 P-40s. Hull proposed that the Greeks should eventually receive 30, South American countries 120 while the Chinese would take 150. South America was quickly dismissed as of low priority since the war was in Europe and the Far East. General Marshall felt that the planes should be allocated in such a way 'as to do the most good psychologically.'¹¹⁰⁹ There was a consensus that the Chinese should receive pursuit ships before bombers. All agreed that the 300 P-40s ought to be equally divided between the Chinese and British but the Chinese should take immediate delivery of their share. As delivery to China would have to be done at the expense of Britain, they agreed that the British should give up a hundred planes due to be shipped over the course of January to March 1941 and compensated with the full 300 planes due to be manufactured in the summer of 1941.¹¹¹⁰

Later that day, Morgenthau met with Sir Henry Self, head of the BAC. According to Self's report to MAP, Morgenthau made 'strong representations' to the effect that the British should immediately place orders for all 300 Hawks because the US government did not have the means to finance the contract for the Army Air Corps.¹¹¹¹ Worse was to come. In a second meeting that day with Morgenthau, Stimson, Knox and Hull, Self learned that 'the request for immediate diversion to China is a condition of the release of the order for the 300 aircraft.'¹¹¹² Morgenthau wanted the British to give up 100 P-40s to China from current deliveries at the rate of 50 in January 25 in February and 25 in March. The bargain demanded by Morgenthau was the same as that involved in

¹¹⁰⁸ LOC, Morgenthau, Reel 33 Vol. 342-A 'December 22, 1940', p.27

¹¹⁰⁹ LOC, Morgenthau, Reel 33 Vol. 342 'Notes on Conference in office of the Secretary of State, 9:30 A.M., Monday 23 December 1940, p.47

¹¹¹⁰ LOC, Morgenthau, Reel 33 Vol. 342 Hull P-40 conference 23/12/40, p.49

¹¹¹¹ TNA, AVIA/38/732 'BRINY 2106 Self to Ministry of Aircraft Production', 23 December 1940

¹¹¹² TNA, AVIA/38/732 BRINY 2106 23/12/40

diverting British planes to Greece the month before: if the British wanted a monopoly on future output of P-40s, then they had to fall in line with the President's foreign policy objectives. The British would lose planes scheduled for delivery within a few weeks' time and would be of pocket for planes which were not to be shipped for at least another 7-8 months.

At a final meeting with Self on 23 December Morgenthau stated that the President gave his blessing to the diversion of a hundred planes for China in January-March 1941. He and Philip Young portrayed the arrangement as beneficial to Britain which it patently was not.¹¹¹³ Young stated that in the long run, the British would receive '2 planes for every one that you give up' to which Self replied 'that is a very welcome statement.'¹¹¹⁴ Self wanted it to go on the record, however, that authorisation was required from London, that Morgenthau acknowledged the need for London's approval and that he had asked for this arrangement on behalf of the Chinese government. If officials in London did not give their permission, Morgenthau would have to reconsider the ultimate destiny of these planes. Morgenthau's response to this suggestion is scrambled in the transcript.¹¹¹⁵

The British cabinet did not immediately give its approval for the release of the planes. From late December 1940 to early January the Foreign Office and other ministries resisted pressure to sacrifice the P-40s. On 3 January Arthur Purvis and Morris Wilson strongly urged Morgenthau to withdraw his request but the latter was adamant: he, the President, Hull and Secretary of War Henry Stimson had promised a hundred P-40s to the Chinese and 'the commitment had to be honoured.'¹¹¹⁶ The President had also pledged sixty P-60s to Greece: Purvis and Wilson emphasised that it would be 'very disturbing' if the administration looked to the British for help in settling this commitment as well.

¹¹¹³ LOC, Morgenthau Reel 33 Vol. 342 'Re: British Purchasing Program December 23, 1940 4.30pm', p.77

¹¹¹⁴ LOC, Morgenthau, British Purchasing 23/12/40, p.79

¹¹¹⁵ LOC, Morgenthau, British Purchasing 23/12/40, p.80

¹¹¹⁶ TNA, AIR/19/500 'To Ministry of Aircraft Production from British Air Commission' 3 January 1941

Purvis explained ‘really off the record’ how the British were building up supplies of P-40s for squadrons to be used in the Middle East and North Africa: fifty planes were already being shipped to Takoradi (Western Ghana) where they would be assembled and flown to Khartoum.¹¹¹⁷ By drawing Morgenthau into his confidence, Purvis hoped to make him understand that the British were ‘coming into an active campaign. They are genuinely worried about loss of planes in the very critical three months that we talked about,’ referring to the diversion of P-40s in January-March 1941.

Morgenthau reminded Purvis that the Administration regarded the ‘Far East thing’ as critical by which he meant a threat to Singapore. Hence he was ‘very anxious’ to give a hundred P-40s to the Chinese.¹¹¹⁸ On the face of it, this connection between planes for China and Japan’s imminent attack on Singapore may not have seemed entirely logical to Purvis and Wilson. Morgenthau insisted, however, that he had to get something to the Chinese immediately. It is important to understand what Morgenthau had in mind when he made the case for diverting British planes to deal a crisis in the Far East.

The threat to Singapore and air aid for China

Ever since the Japanese had joined the Axis pact and encroached on northern Indochina, there had been speculation that they would move against Singapore with the blessing if not the direct support of Germany.¹¹¹⁹ As Herbert Feis describes, the warnings came from all angles, from the Chinese as well as the British who were sending all their ships and planes to the Middle East and had nothing to spare for the Far East: Churchill and Eden were anxious for Roosevelt to express his ‘will to deter Japan.’¹¹²⁰

In the second half of 1940 Chiang or T.V. Soong issued frequent warnings about the Japanese threat to Singapore and other European colonies.¹¹²¹ Chiang associated the

¹¹¹⁷ LOC, Morgenthau Reel 33 Vol.344 ‘Re: Chinese Purchasing program’ 2 January 1941, p.50

¹¹¹⁸ LOC, Morgenthau Chinese Purchasing 2/1/41, p.52

¹¹¹⁹ For a detailed account see Richard Aldrich ‘A Question of Expediency: Britain, the United States and Thailand, 1941-42’ *Journal of Southeast Asian Studies*, Vol. 19, No. 2 (Sep., 1988), pp. 209-244: *FRUS*, 1940 Vol. IV ‘The Commander in Chief, United States Asiatic Fleet (Hart) to the Chief of Naval Operations (Stark) [Manila] 13 November 1940, p.209

¹¹²⁰ Feis, *Pearl Harbor*, p.154

¹¹²¹ *FRUS*, 1940 Vol. IV ‘The Ambassador in China (Johnson) to the Secretary of State Chungking, 20 October 1940, p.673: ‘Memorandum of Conversation by the Secretary of State’ [Washington] 26 November 1940, p.689; ‘Memorandum of Conversation by the Secretary of

need for air assistance closely with the objective of distracting and deterring Japan from its southward advance. On 12 December he wrote to Roosevelt and reminded him of the 'proposals for an air force for China to prevent the spreading of the war to Southern Asia' and in view of the urgency of the situation, asked the President for a response as soon as possible.¹¹²² On 16 December he followed up with a letter directly to Morgenthau stressing that 'to cope with the threat on Singapore it is necessary for us to carry the war into Japan proper', for which Chiang wanted the latest Flying Fortresses.¹¹²³

In the winter of 1940-1941, American officials also received reports about a planned Japanese attack on Singapore from the US Ambassador in Thailand, Hugh Grant. If the Japanese had free access to Thailand, then its troops could walk into Malaysia. Grant suggested that Thailand had already fallen under the Japanese sphere of influence since Japan had assisted the Thai government in its border dispute with Indochina. Through the winter of 1940-1941 Grant fed the State Department strong warnings about Thai-Japanese cooperation including massive air assistance by Japan: on 28 November 1940 he had heard from a reliable source about a secret Thai-Japan military alliance in line with 'the New Order in East Asia'; on 1 December thirteen Japanese bombers arrived in Bangkok to replace the dive bombers which the US government had retained for its own use in the Philippines; on 13 December a Thai-Japanese pact was signed.¹¹²⁴

Roosevelt was sufficiently exercised over the Japanese menace to Southeast Asia that on 31 December 1940 he told his special envoy to Japan, Francis B. Sayre, 'if Japan, moving further southward, should gain possession of the region of the Netherlands East Indies and the Malay Peninsula, would not the chances of Germany's defeating Great Britain be increased...? Would we be rendering every assistance possible to Great Britain were we to give our attention wholly and exclusively to the problems of the

State [Washington] 28 November 1940, pp.698-699; 'The President of the Chinese Executive Yuan (Chiang) to President Roosevelt [Chungking] 28 November 1940, p.698

¹¹²² *FRUS*, 1940 Vol. IV 'The President of the Chinese Executive Yuan (Chiang) to President Roosevelt [Chungking] 12 December 1940, p.711

¹¹²³ *FRUS*, 1940 Vol. IV 'The President of the Chinese Executive Yuan (Chiang) to Secretary of the Treasury (Morgenthau)' [Chungking] 16 December 1940, p.712

¹¹²⁴ *FRUS*, 1940 Vol. IV 'The Minister in Thailand (Grant) to The Secretary of State' Bangkok 28 November 1940, p.223; Grant to Secretary of State, 1 December 1940, p.228; Grant to Secretary of State 13 December 1940, p.236

immediate defence of the British Isles and of Britain's control of the Atlantic?' ¹¹²⁵ The answer was no, but Roosevelt was cautious about openly confirming his commitment to protect British interests in the Far East if attacked by Japan. In London the new British Foreign Minister Antony Eden pressed Harry Hopkins repeatedly about what the United States would do if Japan attacked Singapore or the Dutch East Indies, as 'it was essential to their policy to know.' ¹¹²⁶ No clear statement was forthcoming from the White House or the State Department.

For months Chiang repeated the message: bombers were needed to divert the Japanese from their planned attack on Singapore. He had two possible motives: either he had genuine intelligence about an imminent Japanese assault on Malaya or he believed that the President would give him a large air force if he was persuaded that in the near term a threat to Singapore existed. The latter seems most likely in light of a key factor in Anglo-American relations. As the historian Frederick Marks has explored in some depth, Roosevelt is alleged to have extended a strategic guarantee to Churchill against Japan as early as the spring of 1940: if Japan threatened Britain's Far East possessions, the United States would provide military support to defend them. ¹¹²⁷ Marks found evidence that this American pledge of assistance was a prerequisite for Churchill's decision to re-open the Burma Road. ¹¹²⁸

In the New Year, the repeated warnings from Chiang and from Hugh Grant took hold: Roosevelt seemed to be convinced that the Japanese would soon attack Singapore and the British would expect the United States to come to their defence in the Far East. This was a commitment which Roosevelt wanted to avoid at all costs, while he tried to nurse the Lendlease Act through Congress. Isolationists were convinced that Roosevelt sought such legislation in order to take the country to war on behalf of his allies. Faced with the political threat to Lendlease and the strategic threat to Singapore, he and his cabinet wanted to use China to create a diversion that might throw Japan off track from advancing upon Malaya.

¹¹²⁵ Quoted by Frederick W. Marks III, *Wind over Sand, The Diplomacy of Franklin Roosevelt* (Athens GA, 1988), p.93

¹¹²⁶ Quoted by Feis, *Pearl Harbor*, p.140

¹¹²⁷ Marks, *Roosevelt*, pp. 88-93

¹¹²⁸ Marks, *Roosevelt*, p.88

Stimson and General Marshall prevailed over Morgenthau to oppose the release of bombers to China, but recommended instead the release of P-40s from the British allocation for Chiang. Once bombers were ruled out, the Cabinet and their military advisers came up with the idea to which Morgenthau alluded in his meeting with Purvis and Wilson on 3 January 1941. Morgenthau stated that ‘this whole thing started with the President’ and other members of the Cabinet and their staff came in on the decision which was not a ‘thing lightly arrived at’: ‘The President is determined that China get something at this time and he has the full backing of his military advisers.’¹¹²⁹

Gradually the rationale for Morgenthau’s demands began to emerge. The Chinese needed pursuit planes ‘to keep that Road open and keep the [Japanese] fellows occupied’: Hong Kong and Singapore, he insisted, were at stake. He continued: ‘this isn’t an idle gesture. It means a diversion as far as the Japanese are concerned. I can’t weigh the military thing, but I know that after very very careful consideration, this is what Mr. Roosevelt wants, with the complete backing of the Secretary of State and the Army and Navy’.¹¹³⁰

In these snatches of conversation, Morgenthau provided an insight into the strategic thinking of the President and his cabinet: they wanted to use the CAF to patrol the Burma Road, not so much to protect it but to attract Japanese squadrons to attack the CAF: in their view a display of airpower over the Burma Road would divert these Japanese ‘fellows’ and delay their plans to advance on Singapore. Having presumed that the Japanese were ‘not naturally airmen’ they may have believed that the CAF equipped with modern planes and trained by American instructors would have more than a fighting chance to match if not overwhelm the enemy and discourage the Japanese from heading south.

In response, Purvis and Wilson could not provide an opinion ‘from the supply level’ about the risk of a Japanese attack on Hong Kong or Singapore. As they did not have an appreciation from the British General Staff and had to rely on Morgenthau’s conviction

¹¹²⁹ LOC, Morgenthau Chinese Purchasing 2/1/41, pp.57 & 59

¹¹³⁰ LOC, Morgenthau Chinese Purchasing 2/1/41, p.59

about the threat level, they felt unable to assess the seriousness of the situation for which Morgenthau so urgently required the planes.

The urgency with which Morgenthau pressed the British to release the P-40s was so at odds with the government's traditional policy of withholding military aid for China that something fairly momentous must have accounted for it. On 16 December Chiang had written directly to Morgenthau about the intelligence which the Chinese had gathered about a synchronised attempt by the Axis powers on Gibraltar, Suez and Singapore in the spring of 1941: this provided the geopolitical argument for his airpower demands.¹¹³¹ On 4 January 1941 Hugh Grant reported that even though definite proof was lacking, there were indications of steady infiltration by Japanese troops who were paving the way for eventually controlling Thailand and using it as a base of operations against Singapore. Japan and Thailand had also closed a barter deal involving 400 Japanese planes and 300 advisers in return for Thai strategic supplies.¹¹³² Grant's reports from Thailand may well have influenced Hull, Morgenthau and other Cabinet members to believe that Japan was on the verge of moving into Thailand and heading for Singapore. Therefore Morgenthau and his cabinet colleagues came up with the idea of manoeuvring the Chinese into creating a distraction over the Burma Road. In theory the presence of squadrons formed of American fighter planes would baffle and distract Japan. If China could throw Japan off track from its southern course, the diversion would help Roosevelt to avoid the commitment which he had made to Churchill, that is, to send the US Navy to the rescue of Singapore if the Japanese threatened an offensive against it.

Through this period, there were discreet Anglo-American staff talks taking place in Washington in preparation for more formal secret discussions between the United States, Britain and Canada about American cooperation in the event of US entry into the war. With 'Plan Dog', Admiral Stark had already established that the Navy should be deployed to the Atlantic to protect British shipping. The problem of the US Navy's role in the Pacific and specifically its deployment to Singapore remained unresolved and

¹¹³¹ *FRUS*, 1940 Vol. IV Chiang to Morgenthau 16/12/40, p.712

¹¹³² *FRUS*, 1941 Vol. V 'The Minister in Thailand (Grant) to The Secretary of State' Bangkok, 4 January 1941, p.1

was the subject of considerable discussion: the British hoped that the US would still be willing to station some portion of the fleet at Singapore to help deter Japan.

US Navy delegates expressed reluctance to defend Singapore or other British Far East territories because there was nothing to be gained strategically or politically with the US Congress or the electorate.¹¹³³ The introduction of Lendlease legislation to the Congress on 10 January 1941 also made the Administration extremely cautious about giving any impression of a secret alliance with Britain. In the first two months of 1941 any rumour or incident involving American foreign assistance might block passage of the bill on the grounds that it was simply giving the President a licence to take the country to war.¹¹³⁴

At about this time Air Vice-Marshal Robert Brooke-Popham, the Commander in Chief for the Far East, expressed his appreciation of the security situation at Singapore: in the event of war with Japan, Singapore would have five days warning and the Japanese would face tough opposition before the security of Singapore would be seriously jeopardised.¹¹³⁵ The British were not particularly worried about the threat to the Far East in the winter of 1940-1941: they were preoccupied with obtaining planes for the Mediterranean and the Middle East.

Focussed on their own ambitions, Soong, Mow and Chennault may not have fully appreciated what the administration had in mind by offering them a hundred P-40s which did not meet their objectives: the fighter planes were 'second best' compared to the bombers which they had hoped to secure. For the Generalissimo, defence of the Burma Road was important but not a strategic necessity compared to the counterattack on Japanese positions along the Yangtze River or bombing Japan itself. Chinese archives might reveal if they had understood fully that the administration wanted them to become a decoy for Japan.

¹¹³³ Waldo Heinrichs *Threshold of War: Franklin D. Roosevelt & American Entry into World War II* (New York, 1988), p.39; Feis, *Pearl Harbor*, p.166

¹¹³⁴ Feis, *Pearl Harbor*, p.153

¹¹³⁵ TNA, CAB/9/1 'Appreciation by the Commander-in-Chief Far East', 10 December 1940, p.289

Thus in January 1941 the Roosevelt administration concocted a form of air assistance which did not really match either Chinese or British interests but it was determined for its own reasons to organize the mission as quickly as possible. This was the state of play when Intercontinent became involved in plane aid for China. Two separate issues then became intertwined: the firm's long standing agency for Curtiss-Wright on sales to China and the role of its directors in recruiting personnel to accompany the P-40s to China.

Intercontinent and plane aid for China

In October 1940 Bill Pawley discussed Bruce Leighton's proposal for a guerrilla air corps with Frank Knox before flying to Latin America on a sales mission for Vultee. Sometime thereafter, as Leighton recalled in 1942, Mort Deyo, the assistant to Frank Knox, wired Leighton about a meeting with the Secretary.¹¹³⁶ Knox told Leighton, 'I have arranged a \$100,000,000 loan and got something started on getting planes out there.' He asked Leighton if it was possible to make planes at Loiwing to which Leighton replied 'no can do, must take 'em from production line.'¹¹³⁷ Knox asked him to contact T.V. Soong and in the same period Leighton talked with Chennault 'at length'.¹¹³⁸

On 1 January 1941 Pawley returned to the United States and immediately became involved in the negotiations over air aid to China. His New York lawyers advised him that recruiting military personnel for a foreign government in the United States was illegal.¹¹³⁹ Pawley's counsel met with representatives from the Justice Department who stated that they were about to take action against those who recruited volunteers for Canada. On behalf of Pawley, Frank Knox drafted a paragraph to amend the law which he presented to the President. Roosevelt, however, was afraid of jeopardising the passage of Lendlease but told Knox to 'tell Pauley to go ahead; that there would not be any prosecutions.'¹¹⁴⁰ Pawley, however, nearly pulled out because his legal advisers

¹¹³⁶ BGLA, File CAMCO/AVG 'Leighton to Pawley' May 14, 1942 p.2

¹¹³⁷ BGLA, Leighton to Pawley 14/5/42, p.2

¹¹³⁸ BGLA, Leighton to Pawley 14/5/42, p.2

¹¹³⁹ HISU, Currie, Box 2, Folder AVG Corr & Memos April – May 1942 'Notes on Conversation with William Pauley May 20, 1942'

¹¹⁴⁰ HISU, Currie, Conversation with Pauley 20/5/42

could not guarantee protection against Acts of Congress. A possible alternative was for Pan Am to fly prospective recruits to Cuba where they could be signed up.

This sequence of events may explain the reason for a call by Mort Deyo to Bruce Leighton on 16 January 1941. Deyo indicated the 'go-ahead' from Knox for the full air program 'as discussed'.¹¹⁴¹ This included the private employment of personnel and shipments of material from current production. Resignation of instructors, presumably from the US military would be accepted. Deyo, however, emphasised that the Secretary wanted Leighton to 'personally handle personnel selection' and asked him to come to Washington as soon as possible to discuss the details.

In the meantime the BAC had been advised by US Treasury officials to seek reimbursement for the hundred P-40s directly from Curtiss-Wright on the understanding that the manufacturer would resell the planes to an American corporation purchasing on behalf of the Chinese government.¹¹⁴² On 10 January, however, Philip Young discovered that if C-W sold these planes to the Universal Trading Corporation (UTC), the purchasing agent for the Chinese government, it would have to honour its long-standing agreement with Intercontinent which in principle was due a 10 % commission on the sale of any aircraft to the Chinese government.¹¹⁴³ Young took the view that since Intercontinent was the only organisation which could handle all the operations associated with the delivery of the planes to China, it deserved a service fee but not a sales commission.¹¹⁴⁴ On 16 January C-W sent a letter to Intercontinent which confirmed its obligation to pay the firm a 10 % commission on the purchase price of the planes. Pawley's lawyers pointed out that the administration was objecting to a commission to Pawley but not to the profit which the manufacturer made on sales.¹¹⁴⁵

Young was sufficiently confident that a settlement of Pawley's claim could be reached that he asked C-W to begin shipping the planes 'regardless of whether or not

¹¹⁴¹ BGLA, File CAMCO/AVG 'Telegram Leighton to Pawley January 16, 1941'

¹¹⁴² TNA, AIR/19/500 'Briny 2663' 'Ministry of Aircraft Production from British Air Commission' 22 January 1941

¹¹⁴³ LOC, Morgenthau Reel 34 Vol. 346 'Planes for China' 10 January 1941, before p.383-A

¹¹⁴⁴ LOC, Morgenthau, Planes for China 10/1/41

¹¹⁴⁵ Quoted by Carrozza, *Pawley*, p.75 and fn.81, p.337

satisfactory negotiations had been completed.’¹¹⁴⁶ On 15 January Stanley Hornbeck at the State Department noted that it was ‘especially important’ that the plan for the British to deliver 100 planes from their January February and March deliveries not to be upset or delayed.¹¹⁴⁷ Hornbeck confirmed the administration’s sense of urgency about an imminent Japanese advance on Singapore: the President and his cabinet persisted in the belief that they could organize an air mission at very short notice.

Soon thereafter, to the surprise of British officials, the US Treasury claimed that there were ‘governmental technical difficulties’ involved in this procedure and requested that the British sell the planes to UTC. This, however, did not suit British interests as a direct transaction might provoke a reaction from Japan.¹¹⁴⁸ Officials at the Air Ministry found it incomprehensible that the Administration could ‘not solve their own administrative difficulties in view of their insistence on this transfer of aircraft to the Chinese to fulfil their own public policy’.¹¹⁴⁹ They pointed out that the contract for resale had already been concluded yet the Treasury ‘assumed we could undo what has been done.’

Foreign Office officials found it ‘all very tiresome of the Americans and slightly mysterious,’ there being no indication of what ‘the government technical difficulties’ were.¹¹⁵⁰ Ashley Clarke minuted that as long as the British received some credit from the Chinese for the sacrifice of planes, there could be no great objection to cancelling the resale contract to Curtiss-Wright and selling directly to the Chinese purchasing agent. Antony Eden disagreed: ‘We are now made to appear to be selling aeroplanes to the Chinese government which in fact the US govt insist upon supplying to that govt to our detriment. Why? Because the US govt do not want to appear in the picture in that guise? But do we? If we had our way, we would buy these aeroplanes ourselves, I can

¹¹⁴⁶ LOC, Morgenthau Planes for China 10/1/41

¹¹⁴⁷ NARA, RG59 CDF 841.248/813 ‘Note by Stanley Hornbeck’ 15 January 1941

¹¹⁴⁸ TNA, AIR/19/500 ‘Foreign Office to Viscount Halifax (Washington) re: Briny No. 2665 [of January 22nd: aircraft for China] 29 January 1941

¹¹⁴⁹ TNA, AIR/19/500 ‘Briny 2663 ‘Ministry of Aircraft Production from British Air commission’ 22 January 1941

¹¹⁵⁰ TNA, FO/371/27606 F332/G ‘Release of United States aircraft for China 22 January 1941 : minute Ashley Clarke 24 January 1941

see no reason why we should camouflage this extraordinary operation for the US govt.’¹¹⁵¹

US Treasury officials never admitted to the British their reason for wanting to undo the resale to Curtiss-Wright: they wanted to avoid problems with the Chinese legation over paying a commission to Intercontinent. On 18 January Deyo telephoned Leighton about the objections of Knox and the Chinese delegation. Initially everyone had recognised the principle of a commission to Intercontinent but Knox had felt that 10 % was ‘exorbitant’ and then Soong had not been willing to concede even the principle of a commission. Leighton replied that he and Pawley would be willing to discuss the amount if officials agreed to the principle that the company was owed a sales commission. To avert a dispute with the Chinese and Knox, Treasury officials had hoped that the British would sell the planes directly to the Chinese but were unaware that such a decision would require UK cabinet level consultation.

The Chinese delegation not only hoped to get around Intercontinent’s commission but also the firm’s involvement in recruiting personnel to go to China with the P-40s. Deyo had telephoned Leighton about *personally* handling the hiring of pilots. It is possible that when Knox heard how reluctant Pawley was to have his company involved in a potentially illegal activity, he thought of hiring Leighton to do the job on his own. He also may have promised him some sort of immunity to prosecution. Leighton discussed the matter further with Deyo and that evening, wrote a lengthy rejoinder.

Leighton had inferred from their conversation that it was in the vital interests of the US government for China to have an effective air force but because present conditions prohibited direct government participation, the Administration wanted to handle it through ‘commercial channels.’¹¹⁵² He understood that Soong had requested that Leighton ‘as an individual’ should hire the volunteers, that Soong did not want to use Intercontinent’s organisation or services and that the Chinese did not want to pay any commissions on the airplanes.

¹¹⁵¹ TNA, FO/371/27606 F332/G : minute Antony Eden 25 January 1941

¹¹⁵² BGLA, Folder CAMCO/AVG ‘Leighton to Captain M.H. Deyo 20’ 20 January 1941 (dictated 18 January), p.1

Leighton was flattered by Soong's confidence in his abilities but emphasised that no single individual could undertake such a task. The 'very sour episode' of the last 'American pilot' squadron formed in China in 1937-1938 was vivid testimony of the unsatisfactory results obtained without adequate administration. Leighton had witnessed how the Chinese Air Force had tried and failed repeatedly to manage the volunteer force and comparable projects. The current initiative required an organisation with the necessary experience and facilities to take care not only of logistics and transport but personnel: salaries, insurance, 'inquiries from anxious relatives.' Intercontinent and CAMCO were unique in China in providing service for the CAF thanks to the 'outstanding organizing and administrative ability of W.D. Pawley' who had sustained the enterprise despite heavy financial risks and other handicaps. Overhead costs had to be paid from the only revenue available, that is, commissions and once these ceased, so would his firm's services for lack of funds.¹¹⁵³

Leighton felt that Soong's offer of separate employment was an effort to 'belittle the value' of Intercontinent in the hope that the government would set aside the long established business relationship between Curtiss-Wright and his firm, thus denying its right to a sales commission. He argued that the cost of doing without Intercontinent's services would outweigh the cost of the commission: if delegated to a single individual, the project would be doomed to failure. Leighton refused to take part in the venture as an individual under such conditions.¹¹⁵⁴

Leighton's objections apparently had an effect. Within a week the Chinese delegation became reconciled to using Intercontinent/CAMCO as the project manager. On 25 January T.V. Soong sent a telegram to the Generalissimo seeking his approval for the following proposals: CAMCO would engage the volunteers with a contract similar to that for its own employees; Chennault was to serve as their 'commanding officer' through whom the units would be directly responsible to Chiang Kai-shek personally; they would only receive instructions from Chiang through Chennault because 'there

¹¹⁵³ BGLA, Leighton to Deyo 20/1/41, p.2

¹¹⁵⁴ BGLA, Leighton to Deyo 20/1/41, p.3

must be no division of command or tactical responsibility and authority.’¹¹⁵⁵ The CoAA and all other Chinese military were to cooperate fully with the American group who in turn would train the Chinese so that they could take an increasing part in operations.

Chennault had his own plans for whatever planes and men were made available to him: his focus remained on bombing Japanese targets in the occupied zone of China. It is unknown whether Soong or anyone else disclosed to him the Administration’s original idea of using Chinese P-40 squadrons as a decoy to draw the Japanese to the Burma Road.

With the question of Intercontinent’s commission settled, Pawley began to work directly with the Chinese delegation on the project. On 3 February 1941 he and Chennault briefed Mort Deyo in the Secretary of the Navy’s office about their agreement and the cooperation required from the US government. The State Department already had indicated willingness to issue passports to all the men as *bona fide* employees of CAMCO but had not secured authorisation for recruitment from the services: Secretary Stimson had not even informed the Army Air Corps about the project and it was known that Admiral Tower, head of Naval aviation, was ‘not very enthusiastic about the idea.’¹¹⁵⁶

Since Young and Morgenthau had left British officials in the dark about ‘government technical difficulties’ the Foreign Office continued for weeks to discuss the iniquity of Morgenthau’s demand that the British government should sell the P-40s directly to UTC. It was an issue which particularly irritated Antony Eden. On 27 January he submitted a paper to the War Cabinet which summarised all the objections to the way in which the Americans had handled the airplane deal for China.¹¹⁵⁷ Eden emphasised that the attitude of the administration had been extraordinary; that it had set out to fulfil its promise to China from the allocation to Britain fully aware of Britain’s urgent needs and China’s incompetence in military aviation. The latest request for Britain to sell the

¹¹⁵⁵ HISU, ANY Box 105 Mil/Av 39-41 ‘Draft telegram to the Generalissimo *sent-CKS approved*’ 25 January 1941

¹¹⁵⁶ National Museum of Naval Aviation, Emil Buehler Naval Aviation Library RG 4.9 U.S. Navy American Volunteer Group Papers, ‘Memorandum for Secretary Procurement of Personnel for China by Mort L. Deyo 3 February 1941

¹¹⁵⁷ TNA, cab/66/14/35 ‘Supply of Aircraft to China from the United States’ 27 January 1941

planes to China could only be explained by the administration's fear of the effect on public opinion or the risk of war with Japan, which they now asked Britain to assume:

Before decision is made we should at least represent to United States Government difficulty into which they have progressively pushed us and stipulate that, if transaction is carried out as they propose and is discovered by Japanese, we should wish it to be made clear that we acted at the request of the US government: 'I cannot believe that President Roosevelt or Secretary of State would approve way in which matter has been handled if facts were put to either of them squarely. Unless you see objection, I should be glad if you would take this course.'¹¹⁵⁸

On 29 January the Cabinet agreed that Lord Halifax should make representations to the US government. On the same day, however, Philip Young held a day-long meeting with Pawley to work out a compromise on Intercontinent's commission: instead of US\$450,000 in commission, Intercontinent was to receive a fee of US\$250,000 for the various services which it would perform in connection with the P-40 sale to China.¹¹⁵⁹ UTC bought the hundred P-40s for US\$4.5 million using funds made available from the US\$100 million loan secured the previous December.

Such was Eden's irritation that he had advised Halifax to make representations despite the risk of upsetting the administration while Lend lease legislation was going through Congress. On 5 February however, Morris Wilson advised Lord Halifax that there was no longer any point to do so as the matter was settled: the British heard nothing more about it.¹¹⁶⁰ It would appear that the British never learned the real cause of 'government technical difficulties' -- the desire of the Chinese delegation to avoid paying Bill Pawley a commission. Had they done so, it would have been embarrassing for Morgenthau and Philip Young. This did not mark the end of British involvement in American assistance to China: officials in the Air Ministry as well as the Foreign Office were determined to exert some hold over the P-40s and found a willing ally in T.V. Soong.

¹¹⁵⁸ TNA, FO/371/27606 F332/G FO to Halifax re: Briny No. 2665 29/1/41

¹¹⁵⁹ Carrozza, *Pawley*, pp.76-77: he cites LOC, Morgenthau Diary Vol. 353 'Group Meeting Minutes' 30 January 1941, pp.20-21

¹¹⁶⁰ TNA, FO/371/27638 F757/G 'Viscount Halifax (Washington), to the Foreign Office' 5 February 1941

The International Air Force

Chennault and Leighton presumed that they were dealing with a strictly Sino-American venture staffed by American volunteers, directly accountable to Chiang Kai-shek and based in Yunnan, possibly at Loiwing or Kunming. T.V. Soong, however, continued to bear in mind the Generalissimo's original idea of an international or Anglo-American air force as proposed in mid-December 1940.¹¹⁶¹ This scenario foresaw a British as well as American volunteer group. Soong may also have been as concerned as Bruce Leighton about Chinese mismanagement of an international airpower project based on its previous record with the first International volunteer group in 1937-1938: Chinese officers had a reputation for meddling in operations and misappropriating equipment or materiel.

Soong very likely discussed the programme with an old friend who was also based in Washington at that time. The French banker, Jean Monnet had originally come to Washington to buy planes for the French but after the fall of France had been appointed to the British Air Commission. Monnet and Soong had worked together on economic aid to China in the early 1930s.¹¹⁶² The BAC had a direct relationship with British officers who in the first three months of 1941 took part in the America Britain Canada about the possible participation of the United States in the European war. The British military delegates were to wear civilian clothing and pretend to be BAC advisers.¹¹⁶³

One of the leading figures in the British delegation was the Director of plans at the Air Ministry Air Commodore John Slessor. Monnet took it upon himself to introduce Slessor to T.V. Soong and on 11 February Slessor reported to the Air Ministry the results of their conversation. Soong outlined for Slessor the Generalissimo's urgent demand for a five hundred plane: not only did he need an international air force to support the Chinese army to 'mop up' Japanese forces in China but 'above all, if Japanese attack Singapore, the Chinese could attack Japanese cities in Japan proper and

¹¹⁶¹ *FRUS*, 1940 Vol. IV 'Memorandum of Conversation by the Under Secretary of State (Welles) [Washington] 14 December 1940, p.711

¹¹⁶² For background on Monnet in the interwar years see François Duchêne, *Jean Monnet, the First Statesman of Interdependence* (New York, 1994), pp.49-97

¹¹⁶³ Feis, *Pearl Harbor*, p.166

thus create an important diversion and beset aircraft in north' .¹¹⁶⁴ Soong regarded a Japanese attack on Singapore as 'fatal' for China as it would pave the way for the capitulation of neighbouring British and Dutch colonies to Japan.¹¹⁶⁵ As Slessor related to the Air Ministry, Soong had submitted this plan two months earlier to James Buckley of the President's Liaison Committee. At that time, Slessor had advised Buckley that the Chinese plan was impractical but since then it had become more practical: Soong had recognised that there was no hope of obtaining any bombers but he could start with a fighter force formed from the hundred 'Tomahawks' (the British name for the C-W P-40) allotted to the Chinese. Furthermore Soong had already secured 'enthusiastic support' from the administration to release USAAC reserve officers for the programme.

Soong wanted to make a 'real international force' and would welcome British participation which Slessor regarded as unlikely for two reasons: the difficulties in the lines of communication from Burma to China as well as the unavailability of British servicemen because of the war against Germany. Nonetheless the British delegation in Washington considered Soong's plan as 'strategically very important' especially in view of the fact that the Americans had stated that they had no intention of reinforcing the British in the Far East in the event of war with Japan 'even if they are doing this for Chinese.'¹¹⁶⁶ Although Roosevelt may well have given Churchill a guarantee of support in the Far East in the event of a Japanese attack, this had not been communicated to either Eden or the delegates in Washington.

To show goodwill, Slessor suggested sending a few pilots to take part in the force and releasing to China the 144 Vultee fighters which the BAC had acquired from the Swedish Purchasing Commission in August 1940.¹¹⁶⁷ In ending his report, Slessor commented 'fact that United States Administration are watching is [a] special secret.' While awaiting instructions from London, Slessor followed up his conversation with Soong by meeting Bill Pawley, who struck him as 'an able and sensible person with great experience of China:' having built the Loiwing factory, he was now building one

¹¹⁶⁴ TNA, AIR/8/586 'To Air Ministry repeat C.in C. China from Slessor 11.2.40[sic 41] 1250 recirculated 12/2/41'

¹¹⁶⁵ TNA, AIR/8/586, Slessor cable 11/2/41

¹¹⁶⁶ TNA, AIR/8/586, Slessor cable 11/2/41

¹¹⁶⁷ See HISU, ANY Box 36 Mil/ Av 'Additional information for Memorandum from Col. C.F. Huang' 1 August 1940

in Bangalore.¹¹⁶⁸ His ideas on organising the force struck Slessor as ‘conservative and sound.’ Pawley overcame Slessor’s reservations about the problems of communications from Burma to China because Intercontinent had proved that it could be managed as long as supervision was in the hands of foreigners, not Chinese. Despite the bombing of Loiwing, Pawley claimed that transport of materials had continued to reach the factory. Pawley hoped that the British could provide some pilots with war experience to join the personnel who would be taking over the P-40s once they were assembled at Rangoon. Slessor considered it important that the American volunteers should be given training as units *before* going to China. As he understood that the Mingaladon airfield next to Rangoon had been enlarged and could be suitable for training, Slessor wondered if the Commander-in-Chief Far East, Air Vice Marshal Robert Brooke-Popham, could arrange this and make contact with Bill Pawley’s brother, Edward Pawley who was based in Chungking.¹¹⁶⁹

Slessor’s proposals for cooperation in an International Air Force (IAF) suited the plans of Robert Brooke-Popham who was already developing air support for the military mission to China led by General Lancelot Dennys: his ‘204 mission’ was tasked with training Chinese in guerrilla warfare.¹¹⁷⁰ In Brooke-Popham’s view, the purpose of the Dennys Mission was ‘to stiffen Chinese’ in order to keep the Japanese from withdrawing large forces for use against the British elsewhere.¹¹⁷¹ For Dennys and Brooke-Popham, the immediate task was to improve the organisation of Burma Road traffic and protect it against Japanese attack.¹¹⁷² Brooke-Popham had started to consult with the government of Burma about air support (CHIBASE) for the Dennys mission at Rangoon, Lashio and Maymyo (the latter was not far from Loiwing): in the event of war it was presumed that some British squadrons already based in Burma would start to operate from Chinese bases in Yunnan.¹¹⁷³

¹¹⁶⁸ TNA, AIR/8/586 ‘To Air Ministry (R), C.in C. Singapore, Personal for C.A.S from Slessor’ 21/2/41

¹¹⁶⁹ TNA, AIR/8/586 Slessor cable 21/2/41 : Lord Beaverbrook complained to Portal about the ‘scope of Slessor’s activities in America, stating it was undesirable for him to discuss the disposal of aviation such as the Vultee Vanguards, see TNA, AIR/8/539 ‘my dear C.A.S. from Beaverbrook’ 7 April 1941

¹¹⁷⁰ For background on the Dennys Mission see TNA, WO/3555A ‘Assistance to China’ Vol. I *passim*.

¹¹⁷¹ TNA, AIR/8/539 ‘C.in C. Far East to the War Office 6/3/41’

¹¹⁷² TNA, AIR/8/539 ‘C.in C. Far East to the War Office 6/3/41’

¹¹⁷³ TNA, AIR/8/586 ‘C.in C. Far East to War Office Burma’, M.A. Chungking, C in C India 17/2/41’

On hearing of Slessor's discussions with Soong about the IAF, Brooke-Popham immediately saw the benefit of this force being 'coordinated with our organisation in China' and sought 'some central authority to ensure cooperation between the R.A.F and the IAF'.¹¹⁷⁴ Although all the material and personnel might be American, the term 'international' would be useful for propaganda reasons: it indicated that operational control was in 'English or American hands and not Chinese'. Experience had shown that the Chinese would not make effective use of aircraft if they only had advisers. For sake of prestige, they should have 'nominal command' but the 'real control must be in the hands of some non-Chinese.' Brooke-Popham preferred to see an R.A.F officer in charge of the IAF.¹¹⁷⁵

The Air Ministry reminded Brooke-Popham that the basis of Far East policy was still avoidance of war with Japan. Therefore it vetoed the appointment of a British senior officer to control the IAF and did not want British forces to be identified with support for it in Burma. It was also anxious that the IAF should not bomb any objectives in Japan without its knowledge. The ministry advised, for the time being, 'unobtrusive help' in Burma for the IAF.¹¹⁷⁶ Lord Halifax would undertake to consult with the US government about the project in order to examine the scheme thoroughly. In the meantime, testing of aircraft after assembly would be allowed but the IAF should conduct training in the United States not in Burma. Nonetheless Brooke-Popham was advised that 'effective liaison should be maintained and planning proceed for closest coordination in event of war'.¹¹⁷⁷ On 6 March 1941 Beaverbrook and Portal also authorised the release of 144 Vultee fighters to the IAF.¹¹⁷⁸ The Vultee was one aircraft which the British as well as the Chinese seemed happy to pass on to others.

It was not entirely surprising that the British wanted to exert some control over the volunteer group because they continued to receive requests from Americans and Chinese to perform various favours to do with it. In mid-February T.V. Soong became

¹¹⁷⁴ TNA, WO/208/327 'G.O.C Malaya to War Office Ref. Slessor's telegrams 12/2 and 20/2' 26 February, 1941

¹¹⁷⁵ TNA, WO/208/327 'G.O.C Malaya to War Office Ref. Slessor's telegrams 12/2 and 20/2' 26/2/41

¹¹⁷⁶ TNA, WO/208/327 'Air Ministry to C.in C. Far East' 4 March 1941

¹¹⁷⁷ TNA, WO/208/327 'Air Ministry to C.in C. Far East' 4/3/41

¹¹⁷⁸ TNA, AIR/8/539 'My dear C.A.S from Beaverbrook' 6 March 1941

concerned about the shipment of the first 36 planes aboard a Norwegian freighter because the Japanese knew about the arrangements and might try to sabotage the ship. He asked if the British might consign these aircraft as their own to the RAF in Singapore or Rangoon, surmising that the Japanese would not dare to intercept supplies which they believed to be British.¹¹⁷⁹ Lord Halifax replied that the British having already given up the planes were now being asked to assume the extra risk of transporting them: the Japanese might regard it as a provocation if they knew the British were directly shipping them to one of their ports in the Far East.¹¹⁸⁰

Soong's request revived British irritation about the diversion of the planes. Berkeley Gage minuted, 'in view of the fact that we consider it an absurd waste of good material to send these ultra-modern machines to the Chinese, who are unlikely to have pilots trained to fly them, I think it a lot to ask us to use the subterfuge suggested by Mr. Soong to protect them on their way, especially as the Japanese know all about the transaction. I think we should refuse to do so.'¹¹⁸¹ 'There is something to be said for our taking over the aircraft in spite of the exasperating features of this whole matter,' minuted Ashley Clarke.

The second and crucial favour demanded of the British was to provide the guns for the Chinese P-40s. On 10 March Sir Arthur Blackburn cabled the Foreign Office to alert them to the lack of armament for the planes which had been shipped directly from Curtiss-Wright. The Chinese claimed that they were unable to purchase the right guns in the United States and therefore were asking the BAC to authorise the release of machine guns for the planes.¹¹⁸² Once again the British 'reluctantly agreed' to cooperate with the Administration 'despite the extreme urgency' of their own needs.¹¹⁸³

By April 1941 the British had complied with most of the US government's requests for cooperation with air aid for China and offered more: it had diverted 100 P-40s to China

¹¹⁷⁹ TNA, FO/371/27638 F1073 'Release of US aircraft to China' : Viscount Halifax to Foreign Office' 18 February 1941

¹¹⁸⁰ TNA, FO/371/27638 F1073 'Release of US aircraft to China' 18/2/41

¹¹⁸¹ TNA, FO/371/27638 F1073 'Release of US aircraft to China' : minute B.E.T. Gage 22 February 1941

¹¹⁸² TNA, AIR/8/539 'From Sir A. Blackburn (Chungking) to Foreign Office' 10 March 1941

¹¹⁸³ TNA, FO/371/27638 F1073 'To Sir A. Blackburn (Chungking) from Foreign Office' 21 March 1941

and promised to supply the armaments; it was ready to divert a 144 fighter planes; it offered 'unobtrusive help' for the volunteer group: owing to the understanding between Slessor and Soong, the way was paved for American squadrons to be based on airfields in Burma although Soong maintained the pretence that the destination was still Yunnan. The British became involved with the AVG/IAF because they wanted to keep the squadrons in Burma and integrate them into the under-resourced Imperial air defence for the Far East.

In April 1941 Roosevelt appointed Lauchlin Currie who had just returned from two months in China as the President's personal envoy to coordinate the efforts of Soong's new procurement firm, China Defense Supplies (CDS) and the recruiter, Intercontinent with the US military. Through Currie Roosevelt gave verbal consent for Intercontinent to hire volunteers from US military bases although some recruitment was already under way.¹¹⁸⁴ By April the original rationale for the AVG had long since evaporated: for the time being the Japanese appeared to take seriously a warning delivered by American diplomats in Tokyo that if they moved against American allies in Asia they risked a 'serious situation' with the United States.¹¹⁸⁵

In April 1941 James McHugh wrote to Lauchlin Currie about the question of aid to China which McHugh regarded as far more psychological than physical: 'if you could dump a hundred planes and the fifty million dollars in their laps tomorrow, it would come far closer to serving our own ends through the boost in their morale...than to work out a carefully established scheme and send out a well trained force to fly their planes..We ought to give them planes to crack up immediately, ask no questions and merely say, "we are with you to the bitter end, go to it".'¹¹⁸⁶ McHugh believed in the old psychological rationale for air aid to China which was the position which Cordell Hull had originally adopted when he called for air aid to China as a morale booster not a tactical air unit.

¹¹⁸⁴ HISU, Currie Box 5 Folder AVG 'John K. Fairbank 'Memorandum on Air Program for China, 1942' p.18

¹¹⁸⁵ Marks, *Roosevelt*, p.94 & FRUS, Japan 1931-1941 Vol. II 'Memorandum by the Counselor of Embassy in Japan (Dooman), [Tokyo] 14 February 1941, pp.138-139

¹¹⁸⁶ Cornell, McHugh, Box 1 Folder 6 'Dear Lauch', 14 April 1941

In 1941 the Administration, however, could no longer afford to throw away good planes to lift China's spirits; there were calls on scarce aircraft from all quarters. Precisely for that reason, General Marshall had entered into the planning of air assistance in December 1940 to ensure that there was a plan for using the planes and that they would not be wasted by Chiang's air force: Marshall very likely had a direct hand in conceiving of the tactical diversion over the Burma Road for which the idea of an AVG was originally proposed. With the formation of the AVG, the administration had moved away from the psychological to the physical and from the moral to the tactical approach to airpower: if the administration was going to sell decent fighter planes to the Chinese, then there had to be a clear objective and plan for their deployment. In the spring of 1941 Currie and Chennault wanted to make the force effective for protecting the Burma Road. Furthermore Chennault, like Slessor and Brooke-Popham, felt that the volunteers should complete training on British bases in Burma before they were transferred to Yunnan.¹¹⁸⁷

Nonetheless as far as the Administration was concerned, the AVG had virtually disappeared not only from the public arena but internal communications. On 5 May the British Air attaché in Washington reported that 'the U.S. Admin have no official knowledge of force, which is expected to reach Rangoon about mid-July.'¹¹⁸⁸ He also stressed to the Air Ministry that the 'Volunteer Air Force had no connection to Pawley' but was under the command of Claire Chennault.¹¹⁸⁹ What little information British officials had about the IAF circulated like Chinese whispers across the Empire: on 13 May the Secretary of State for Burma informed the Governor of Burma that : 'U.S. Administration disclaim official knowledge of Force which is under command of Col. C.L. Chennault who will operate directly under Chiang Kiashek.'¹¹⁹⁰

That Roosevelt was ambivalent about any further air aid for China is made clear in one of those rare documents, a short memo to Lauchlin Currie written on 15 May 1941 and signed by the President. Roosevelt told Currie that he could negotiate about 'the air program or any other thing that the Chinese request but I don't want to imply that I am

¹¹⁸⁷ TNA, WO/208/327 'From Washington to Foreign Office 24 June 1941'

¹¹⁸⁸ TNA, FO/371/27639 'To Air Whit from A.A. Washington No.249 5/5/', 5 May 1941, p.34

¹¹⁸⁹ TNA, FO/371/27639 No.249 5/5/ 5/5/41,p.34

¹¹⁹⁰ TNA, WO/208/327 'Telegram from Secretary of State to Government of Burma', 13 May 1941, p.10

at this time in favor of any of the proposals': any Chinese proposals could 'only be finally worked out in relationship to our whole military problem and the needs of ourselves and the British.'¹¹⁹¹ The implication was that China's air demands had slipped down the scale of priorities well behind those of the United States and Britain.

On 20 May 1941 the British Chiefs of Staff sent the head of ONI, Admiral Allen Kirk a summary of British progress on aid for China: guerrilla training and 'unobtrusive support' for the IAF. They asked for more information from their American counterparts about the IAF because 'the position as regards the development of the scheme is obscure.' The memorandum stressed that the British Chiefs of Staff would 'welcome energetic action by the United States to further it' as long as it did not detract from the main theatre.¹¹⁹²

In considering how to respond to the British demand for information about the US government's role in the IAF, Kirk wrote to the Chief of Naval Operations that 'in view of the Navy's lack of information on this subject, it would not be profitable to enter into a discussion with the British until after a preliminary discussion was had with the office of Mr. Currie'.¹¹⁹³ His assistant, Lt. Commander Arthur H. McCollum characterised US aid for China as 'largely talk, with very little concrete help having been given other than the lending of money on rather favourable terms.' They could not discuss aid for China with the British 'as we do not know what the extent of our own actions are.'¹¹⁹⁴ For McCollum, as head of the Far Eastern Division of ONI, to make such an admission reflects how little those in the US government knew about the air programme for China and how far the administration had distanced itself from the volunteer group by the summer of 1941.¹¹⁹⁵

¹¹⁹¹ FDR 'the President to Lauchlin Currie' May 15, 1941 Published in Pearl Harbor Hearings Part 20, pp. 4539-4544

¹¹⁹² NARA, RG38 Box 116 Strat. Plans War Plans Div. 'Memorandum for British Military Mission Aid to China' 25 June 1941

¹¹⁹³ NARA, RG38 Box 116 Strat. Plans War Plans Div. 'From Director of Naval Intelligence to Chief of Naval Operations Aid to China' [8 July 1941]

¹¹⁹⁴ NARA, RG38 Box 116 Strat. Plans War Plans Div. 'Memorandum for the Director, Comment on Proposed Aid to China' A.H. McCollum, 8 July 1941

¹¹⁹⁵ See Gordon Prange, *At Dawn We Slept The Untold Story of Pearl Harbor* (New York, 1981) for McCollum's warnings about the attack on Pearl Harbor pp.356-358

In May, 1941 the British also tried to keep track of the air mission to China despite the fact that all information about US government support for the 'IAF' was 'meagre and disjointed'.¹¹⁹⁶ In June, 1941 Foreign Office officials observed that the US government did not wish to be 'publicly associated with the scheme' but were giving 'active assistance' through the President's adviser, Lauchlin Currie: Intercontinent was making all arrangements for transport of planes to Burma while the 'Central Aircraft Company' (CAMCO) managed the personnel for the IAF.¹¹⁹⁷ Brooke-Popham who had been tasked with maintaining effective liaison with the IAF found it difficult to do so especially as he had no information on the whereabouts of Chennault. As the administration maintained the pretence of knowing nothing about the volunteer group, the British decided that they must follow the American example and also 'disassociate themselves publicly from this force'.¹¹⁹⁸ Nonetheless the War Cabinet had abandoned longstanding policies in order to accommodate the AVG in Burma.¹¹⁹⁹ Brooke-Popham consistently endeavoured to help Chennault and the AVG as did the military attaché in Chungking who pressed home to Lord Halifax the need for intervention to obtain ammunition from the US army.

Before leaving Washington in late June 1941 Chennault disclosed to the British air attaché that instead of proceeding to China as soon as the planes were assembled and tested, some 200-300 volunteers were to remain at Rangoon 'until everything was ready for them to go into action in China. Previous intention had been to send them into China immediately they were erected and tested.' The reason for this change of plan, he alleged, was Japanese intelligence about the formation of 'the international air force'.¹²⁰⁰ In his memoirs, Chennault provided yet another explanation for the decision to remain in Burma : it was due to the delay in shipping planes from New York which meant that they could not arrive in China before the monsoon: 'Pawley assisted me in obtaining the loan of a paved Royal Air Force field in Burma – our only hope of training during the monsoon.'¹²⁰¹ Chennault never wanted to admit that anyone other

¹¹⁹⁶ FO/371/27639 'Telegram Foreign Office to Lord Halifax' 20 May 1941, p.28

¹¹⁹⁷ TNA, FO/371/27640 F5325/145/10 'International Air Force for China' 19 June 1941, p.7

¹¹⁹⁸ TNA, WO/208/327 'Foreign Office to Chungking [re:] telegram no. 256' [of the 23rd May: aircraft for China] 6 June 1941, p.14

¹¹⁹⁹ TNA, WO/208/327 'B.A.D Washington addressed Admiralty 17.8.41' [about release of ammunition for IAF Tomahawks]

¹²⁰⁰ TNA, WO/208/327 'From Washington to Foreign Office' 24 June 1941, p.20

¹²⁰¹ Chennault, *Memoirs*, p.106

than himself had been in charge of the decision to base the volunteer group in Burma rather than China and that the British in fact were as much in charge of its fate as he was.

Chennault's published account disregards the lengthy consultation which the British government undertook in order to decide imperial policies generally and aviation affairs in Burma specifically. On 19 July 1941 before Chennault paid a call on Reginald Dorman-Smith, the Governor of Burma, the Secretary of State for Burma wrote to Dorman-Smith about the options to be laid before the Cabinet concerning his cooperation with the IAF. The Cabinet had agreed that the Governor should have discretion to allow the aircraft to be fitted with armament before starting their flight from Burma to China and to permit instruction in the use and maintenance of the aircraft while in Burma. The Governor was to decide these points with the C-in-C Brooke-Popham after ascertaining Chennault's views but to avoid giving any final instructions to Intercontinent.¹²⁰²

On 26 July Dorman-Smith reported that after meeting with Chennault, he had agreed that the Tomahawks should be fully equipped with arms and ammunition in Burma and that the pilots could carry out 'necessary low altitude firing practice' as Chennault had stated that the pilots would not yet be accustomed to the type of weapon being fitted. Chennault would be allowed to take over Magwe aerodrome as well as accommodation at Toungoo: Chennault stated specifically that he wanted to be allowed to train the pilots in Burma so that they could function as squadrons when they reached Yunnan. Dorman-Smith was 'anxious to meet his wishes in this respect and anticipated no opposition from my Ministers.'¹²⁰³ Dorman-Smith, however, had slightly overstepped the mark by implying to Chennault that he could start full training on armaments. Brooke-Popham made it clear to Chennault in his meeting on 28 July that he could not carry out operational training in Burma due to orders from London.¹²⁰⁴ He suggested that the ban could be lifted if the Japanese attacked the Burma Road. By 22 August however, the War Cabinet had reviewed its previous policy and decided to allow the

¹²⁰² TNA, WO/208/327 'Secretary of State to Governor of Burma' 19 July 1941, p.27

¹²⁰³ TNA, WO/208/327 'Governor of Burma to Secretary of State for Burma' 26 July 1941, p.28

¹²⁰⁴ TNA, WO/208/327 'Extract from C.in C. Far East No. 263/4' 12 August 1941, p.34

IAF in Burma to undertake full training as long as they did not operate against the Japanese from a Burmese aerodrome.¹²⁰⁵

Meanwhile, Intercontinent/CAMCO carried on recruiting personnel which became one of its principal tasks, the other being the assembly and maintenance of the P-40s in Rangoon. They engaged a Curtiss-Wright test pilot Byron Glover to direct the assembly of the planes by CAMCO staff at Mingaladon airfield just outside Rangoon.¹²⁰⁶ Soong working through CDS as well as UTC was tasked with buying all necessary material for the squadrons: Chennault generated long lists of equipment to be procured and the ideal quantity and qualities of volunteers to be hired.¹²⁰⁷ The papers of Lauchlin Currie, the Administration's only coordinator for the AVG, reveal that he became mired in the problems which Intercontinent/CAMCO encountered in hiring personnel to go to China or once there, the difficulties of retaining them.

Chennault had emphasised the need for pilots who already had experience flying the P-40 but at the end of March 1941 the USAAC Chief of Staff, General Henry H. 'Hap' Arnold expressed his doubts that men with this qualification could be found.¹²⁰⁸ Disappointment with the calibre as well as the maturity of recruits quickly set in. On the way to China, the young men were less than discreet about their mission. As Admiral Harold Stark wrote to Lauchlin Currie, 'in Singapore those flyers registered at the principal hotels as American aviators, openly talked about going over to Chungking, etc., so the secrecy about the matter discontinued sometime ago.'¹²⁰⁹ It was fortunate, he remarked, that the Japanese had not sunk the ship. After the first round of recruitment, the US military expressed little enthusiasm for another and Currie had to

¹²⁰⁵ TNA, WO/208/327 'From Air Min. Whitehall to AHQ Far East for C.in C. Far East' 22 August 1941, p.40

¹²⁰⁶ Byron A. Glover, 'Assembling and Testing P-40s in Burma,' *Aviation*, December 1942

¹²⁰⁷ HISU, ANY Box 105 Mil/Av 39-41 'China's estimated requirements for procurement and shipment of aviation materials in 1941 and 1942' Washington 26 March 1941; 'Orders for technical development of airplanes' 9 April 1941; 'extract from letter of 7 April 1941 from Colonel C.L. Chennault to Mr. W.D. Pawley'

¹²⁰⁸ NARA, RG38 Box 116 Strat. Plans War Plans Div. 'Memorandum for : the Chief of Staff Pilots for the Chinese Air Force March 29, 1941 by Orlando Ward for H.H. Arnold

¹²⁰⁹ HISU, Currie, Box 2 Folder AVG May-September 1941 H.R. Stark to Lauchlin Currie, the White House' 27 August 1941

obtain a second directive from the President to overcome the resistance of the services' personnel departments.¹²¹⁰

In November Chennault complained bitterly to Intercontinent/CAMCO and Currie about the inadequate selection process which had lowered the AVG's combat efficiency and wasted equipment.¹²¹¹ In a long report on the AVG dated October 1941 James McHugh emphasised that 'the worst of the AVG's many deficiencies was in the realm of personnel, particularly the lack of any trained staff officers.'¹²¹² McHugh and Chennault blamed Intercontinent for this failure, when the real responsibility rested entirely with the Administration which did not wish to deprive the Army Air Corps and the Navy of senior officers for a mission to China.

The volunteers started training in earnest during the autumn of 1941 on an airfield in Toungoo, Burma. After Pearl Harbor when the AVG finally began combat against the Japanese the group's work exceeded all expectations.¹²¹³ There were those, however, who belonged to the old school of Far East policy from the interwar years. Clarence Gauss who replaced Nelson Johnson as the US Ambassador in China still wanted to prosecute American volunteers who served the Chinese military just as he had tried to do in 1937 during the Battle of Shanghai. At that time he had threatened to strip Chennault or any other volunteer flying with the CAF of his American citizenship. When McHugh reported the success of the AVG to Gauss in January 1942, the Ambassador remarked 'with obvious venom' that he would get his hands on a copy of the U.S. statutes and 'prove that the A.V.G. boys had lost their citizenship!.'¹²¹⁴

Conclusions

In January 1940 Bruce Leighton's proposed a 'guerrilla air corps' designed to extend Intercontinent's operations in China by providing an additional service: a small mobile

¹²¹⁰ HISU, Currie, Box 2 Folder AVG May-September 1941 'Memorandum for the president: re: Pilots for China' 18 September 1941

¹²¹¹ HISU, Currie, Box 2 Folder AVG Corr & Mems Nov. 41 'C.L. Chennault to Central Aircraft Mfg. Co' 7 November 1941

¹²¹² CUL, McHugh, Box 4 Folder 5 'The History and Status of the First American Volunteer Group' 19 October 1941, p.26

¹²¹³ CUL, McHugh, Box 1 Folder 6 'Dear Lauch, January 10 1942', p.3

¹²¹⁴ CUL, McHugh, Box 1 Folder 6 'Dear Lauch, January 10 1942' p.3

air force staffed largely by Americans which could supplement but not entirely replace CAF operations. For the Chinese, Leighton's concept was better than nothing but it was not the air assistance which Chiang desired. By the autumn of 1940 Chiang had virtually given up on the CAF. He sought a large *official* US air mission not only to replace the Russian mission but to replace the CAF itself. This was neither feasible nor desirable for the Roosevelt administration.

Having provided 'plane aid' to Britain since 1938, Roosevelt felt that some form of 'plane aid' was also warranted for Chiang in October 1940. For Roosevelt and Hull psychological factors initially were uppermost. They embarked on plane aid for China out of an impulse 'to do something' as a response to Chiang's appeals for help. In the winter of 1940-1941 the administration's airpower programme for China took shape through the sort of informal consultation and *ad hoc* measures which were typical of Roosevelt's 'government on the jump,' to quote Henry Stimson.¹²¹⁵ Roosevelt launched ideas and left it to others to figure out a detailed plan for execution. If this informal approach had its strengths, it also had weaknesses and these were evident in the handling of aircraft sales to China in 1940-1941.

By offering a few planes to Chiang in October 1940 Roosevelt and Hull hoped to salve their conscience about having withheld material aid to China since 1937. Chiang, however, was not looking for moral support but a strategic offensive. In the winter of 1940-1941 he had a single clear cut objective, to persuade the administration to give him an American bomber command to strike at Japanese targets in China and Japan itself. Chiang's ambition to bomb Japan was a key concept which ran through the interwar period – after the Shanghai war of 1932, through the debate about slowing Japan's southward advance across Asia in the winter of 1940-1941 and after Pearl Harbor when Roosevelt finally gave the Generalissimo what he wanted, an American air mission to bomb Japan from airbases in China.

Henry Morgenthau took hold of Hull's modest proposal and propelled it further than Hull or Stimson imagined. More than anyone else, Morgenthau decided that the airpower programme for China should be defined as a deterrent to Japanese expansion

¹²¹⁵ Heinrichs *Threshold of War*, p.18

across Asia rather than Japanese attacks on Chinese cities. The sensible plan from the outset would have been to recognise the need in the long run for air defence over the supply routes into China. Morgenthau, however, saw multiple threats hovering over the president: that Japan might attack Singapore; that Roosevelt might be forced to deploy the US Navy to defend British interests because of a secret assurance to Churchill about support in the Far East; that sending the US fleet to Singapore might have no deterrent effect on Japan; that deployment of the Navy to defend British imperial interests might imperil the passage of Lend lease.¹²¹⁶ To alleviate pressure on the entire Singapore issue, Morgenthau looked to airpower for a quick fix.

One of the major misconceptions which shaped the administration's thinking about air assistance for China was the belief that an air operation could be organized in a relatively short time: Morgenthau presumed that he could deliver a bombing mission to China within the space of a month to prevent any possible Japanese attack on Singapore. Another was the belief that bombers alone could have a major impact on the course of the Far East conflict. If the Chinese bombed Japan, Morgenthau was 'convinced that overnight it would change the whole picture in the Far East.'¹²¹⁷ He responded to Chiang's appeal for a bomber offensive by offering a few long-range bombers, thus maximising the impact that could be derived from the limited number of planes which might be available.

Morgenthau was not alone in believing that a bombing offensive against Japan would be a marvellous way of deterring Japan from an attack on Singapore: the President and Hull were 'delighted' by the idea. The discussions about bombing Japan revealed how bereft Roosevelt, Hull and Morgenthau were of common sense and competence in military aviation, not to mention the wider strategic implications of a Japanese counter attack or the impact on Britain of diverting its planes to China.

In thinking about airpower for the Far East, the administration also came up against a situation which had never occurred in plane aid for France or Britain. The British were fully competent to handle American planes, the Chinese were not. This fundamental difference forced the administration to take more responsibility for the logistics and

¹²¹⁶ Feis, *Pearl Harbor*, p.155

¹²¹⁷ Blum, *Morgenthau Vol. II*, p.366

organisation of air aid to China than had ever been required in selling planes to Britain. Nor did it have the experience or means to handle the operations which it proposed.

Aircraft was scarce in 1940-1941 and the US military had been on strict rations in order to free up planes for the British war effort. If Roosevelt and Morgenthau planned to sell planes to China through indirect commercial channels they could not allow them to be wrecked by Chinese pilots: the USAAC had received only a few P-40s in 1940 compared to 296 for Britain, but the administration planned to divert a 100 to China.

In late December 1940 Stimson brought General Marshall into the discussion about the air programme for China. He exercised caution and pulled the cabinet back from the brink of a disastrous provocation of Japan which Morgenthau's bombing plan would have entailed. Nonetheless Marshall must have been one of the advisers who came up with the alternative of forming squadrons from the P-40s to create an 'air diversion' for Japan over the Burma Road. Cabinet members continued to believe that fighter planes and pilots could be dispatched as quickly as the abandoned bombing project. They rushed to dispatch the planes to China despite obstacles involving the British government and Intercontinent. Because of the urgency, Knox turned to Intercontinent in mid-January 1941 to get recruitment under way as quickly as possible.

Roosevelt was not averse to trying out different initiatives and seeing if they worked, but his experiment in airpower fell well short of the mark. Everything took longer than expected: planes and men did not reach China in time to counter the alleged Japanese spring offensive against Singapore; the US military resented the release of equipment and personnel; and it was nearly impossible to keep the operation secret. Most importantly the armchair warriors had based the operation on inadequate intelligence: the Japanese attack on Singapore never materialised either because it was never planned or diplomatic representations made in February 1941 had helped to dissuade the Japanese from carrying out such a plan.

Roosevelt had accorded himself enormous powers as Commander-in-Chief which gave him and his right hand Morgenthau nearly complete control over the coordination of military supplies. When it came to an actual military operation such as that envisioned for China in January 1941, the emperor had no clothes. For the first time, Roosevelt and

his men had been forced to think about the details of carrying out an air mission – its logistics, its manpower and its purpose. Their approach to the problem was revealed to be naive, cynical, violent and blinkered. In devising the mission which eventually became the AVG, the Administration teetered on the edge between being the neutral commercial supplier of the interwar period and the unneutral participant in allied military operations which it became after Pearl Harbor. Roosevelt pulled back from the brink and resumed the diplomacy of deterrence based on economic sanctions and dialogue with Japan. The AVG showed that the Commander-in-Chief was ill prepared for war and should stay away from it for as long as possible.

Of the four participants involved in organising the AVG, the US government derived the least benefit from air aid to China until after Pearl Harbor, when the President and the cabinet could bask in the glory of the Flying Tigers' unexpected victories over the Japanese. In the short run, the principal beneficiary of the project was Intercontinent. For Bill Pawley, the AVG marked the culmination of his company's business activities in the Far East and his elevation to a semi-diplomatic status. Pawley exploited Intercontinent's unique logistical network across the Far East to manage a range of services for the AVG as well as the governments of India, Burma and China: the rapport which Pawley established with British officials in 1938-1940 enhanced the effectiveness of the liaison work which he undertook with them in 1940-1942.

Bill Pawley along with Chennault became a point of contact for each of the three governments who never together held any formal consultation about air aid for China. British officials such as the governor of Burma Sir Archibald Cochrane or the C-in-C Far East, Robert Brooke-Popham turned to Pawley or Chennault rather than any counterpart in the US government when they needed to consult about the IAF/AVG. For example, a letter from Pawley to Leighton in November 1941 reveals that Brooke-Popham contacted Pawley to organize a British volunteer unit after the Generalissimo appealed to Churchill for air assistance.¹²¹⁸ For the Generalissimo an international air force, not a strictly American volunteer group, remained the objective in 1941. Had

¹²¹⁸ BGLA, Folder miscellaneous correspondence, 'Bill Pawley to Bruce Leighton' 23 November 1941

Pearl Harbor not taken place when it did, British volunteers might have been established in Burma to work alongside the American squadrons.

The AVG was a compromise which proved to be more of a commitment than Roosevelt had foreseen, and fell well short of Chiang's dream of a strategic bomber command. The Generalissimo had hoped that by playing up the threat to Singapore, the US government would feel panicked into organising massive air assistance for China. The mission of a hundred P-40 fighter planes accompanied by some 300 American personnel based in Burma was not the international air force composed of American as well as British units which Chiang had sought to replace the nearly defunct CAF and the Russian air mission.

Like Roosevelt, the Chiangs began to take credit for the AVG after Pearl Harbor and erroneously believed that the pursuit squadrons had demonstrated the case for airpower over ground forces as the key to overwhelming the enemy. This exaggerated perception of airpower's impact reinforced Chiang's pre-war faith in airpower and encouraged him and Chennault to insist on the airpower strategy which Roosevelt eventually authorised for the CBI.

As the US government distanced itself from the AVG in the spring of 1941, the British government became more involved in it. As records in the National Archives reveal, in early February 1941 British officials in Washington recognised that the volunteer air force might be of considerable utility for imperial air defence. The British in effect adopted the AVG. In early February 1941 Air Commodore John Slessor, the Air Ministry's representative to the ABC talks in Washington, explored cooperation with T.V. Soong for developing the IAF/AVG. Over the next few months the British ensured that the units remained in Burma and became informally associated with the Imperial air defence plan for Burma. In 1941 Britain benefitted as much if not more than Chiang's regime from the AVG.

The irony was that once the Pacific war began, Americans began to pillory the British about the misuse of the AVG and the inadequate defence of Burma. In June 1942 James McHugh set the tone for future reproach by writing to Frank Knox about British failure in Burma. He contended that Britain had never intended to hold Burma and pointed to

the experience of Chennault in dealing with the British to get the AVG organized and trained: 'he was continually blocked and baffled at every turn...and when he overcame these objections, he was pinned to a promise that his force would defend Burma first in the event of war.'¹²¹⁹ Not only does the archival record contradict McHugh's charges but so did Claire Chennault. In his memoirs, he wrote: 'once the A.V.G. arrived in Burma, the British authorities were extraordinarily helpful and stretched their policy to its limits to provide the A.V.G. with what it needed. Without British help during this pre-war period, it would have been almost impossible to get the A.V.G. into fighting condition.'¹²²⁰

¹²¹⁹ CUL,, McHugh Box 1 Folder 5 ' Frank Knox from McHugh, June 11 1942'

¹²²⁰ Chennault, *Memoirs* p.106

Conclusions

For most of the interwar years, the Sino-American relationship in aviation was a negotiation between a small 'aviation fraternity' and an equally small Chinese elite composed of Chiang's close relations or a few officers in the CoAA. Both were on the fringe of the 'ancient garment' which enveloped China's vast and largely impoverished agricultural economy. In comparison with the political and military turmoil which overwhelmed China from 1937 onwards, the intrigues surrounding aircraft procurement were a storm in a tea cup. Nonetheless the politics of airpower in US-China relations produced diplomatic impacts which went beyond the scope of contract negotiations.

Chiang's inner circle adopted one set of attitudes when dealing with Americans engaged China's aviation and another towards the US government. The Chiangs and the CoAA clique undervalued the few competent Americans who worked for them. Ed Wingerter for example provided outstanding service, by fitting synchronised guns on most of the Soviet fighter planes. Yet he had to badger the regime for pay which was overdue by at least three months: having arrived in December he complained on 23 February that he did not have enough cash to pay his hotel bill.¹²²¹ William MacDonald was the only American who, according to contemporary observers, regularly flew combat missions against the Japanese on a bonus basis. When he brought down too many Japanese planes, he allegedly stopped flying because the Chinese did not want to pay him all the bonuses which he was due to receive.

John Jouett brought some discipline to Chinese military training, but in 1934 Chiang undermined him by naming Roberto Lordi as official air adviser. Through the promotion of Jouett's rival, Chiang sent a clear message to Chinese officers and cadets that they could resist American instruction with impunity: military attaché reports from 1935-1940 reveal Sino-American tensions over discipline, aircraft maintenance and fundamentally different ideas about combat: General P.T. Mow's comments to Wing Commander R.S. Aitken indicated that heroism was to be avoided : the air force only

¹²²¹ PC Wingerter Journal February 23, 1938 p.17

attacked when confident of a clear advantage over the enemy. In the view of CoAA generals, military aviation should never be more dangerous than civil aviation.

The Chiangs may have had a 'soft spot' for Claire Chennault and paid him more consistently than other Americans but his status in China steadily declined after 1938. Chennault distinguished himself from his fellow countrymen in China not by his competence (Wingerter, Pawley and Leighton were all more effective in their own way) but his passion for airpower doctrine to which most of the aviation fraternity were indifferent. In August 1937, his ambition to test ideas and his personal devotion to Madame Chiang undermined any sense of proportion in planning the disastrous air offensive at Shanghai. Madame gave Chennault a leading role in the first volunteer air group during 1937-1938, but as Ed Wingerter's diary reveals, Chennault was absent much of the time while the volunteer pilots in theory trained in Hankow. Remarks by Wing Commander R.S. Aitken, James McHugh and T.V. Soong also indicate that Chennault had little talent or appetite for air force organisation. As T.V. Soong commented, Chennault was a fighter but what the Chinese Air Force needed was a competent administrator – a herdsman not a maverick.

Although diplomats and military attaches admired the work of the Jouett Mission, they had relatively little praise for the cadets and officers whom American instructors trained. Once Jouett left, relations deteriorated altogether and by 1940 as numerous military attaché reports reveal, Americans who dealt directly with CAF personnel could barely contain their contempt for them, often betraying a certain degree of racial prejudice or stereotyping comparable to remarks which Americans made about the inherent inability of the Japanese to fly a plane. They were not alone, however, in denigrating the CAF. From at least 1936 onwards, Chiang Kai-shek, Madame Chiang and T.V. Soong made derogatory comments about the air organisation to foreign diplomats. Such was their arrogance, however, that they used the air force for propaganda purposes with the Chinese people, extracting contributions for airplanes out of low paid civil servants as well as business associations. 'National Salvation through Aviation' was a sham on the eve of the Sino-Japanese war.

Without exception Americans in China found it impossible to take the CAF seriously as a fighting force. Nonetheless, they rarely if ever aired their scepticism in the US press or

any other public forum lest it be interpreted as unhelpful criticism of the Nationalists. Since official US military records containing such comments were closed for decades, these negative impressions did not surface in the post-war era. Popular historians who sympathised with the Nationalists created a narrative about pre-war Sino-American cooperation in aviation which appeared to be authentic because it was based largely on the first hand recollections of Claire Chennault, Arthur Young and AVG pilots who knew as little about the interwar period as they did about the founding of their own squadrons in 1940-1941.

Whereas Chiang's inner circle treated individual Americans as servants, Chiang, Soong and Kung approached the US government with a mixture of caution and cunning. The Nationalists used all forms of foreign relations to enhance their status as the legitimate representative of a united China. They also saw an advantage in making foreign powers wary of each other and unsure of Chinese intentions. In the field of aviation, this approach translated into entertaining as many offers as possible from foreign suppliers and encouraging competition amongst them. The objectives were not only financial but political. Chiang wished to avoid dependence on any single foreign state out of fear that China's weakness might be exploited and concessions extracted which would humiliate his regime and the nation.

For these reasons, the Sino-American relationship in aviation was always 'a bit crowded'. In 1932 T.V. Soong had no qualms about leading Americans to believe that they had carte blanche in revamping Chinese military aviation while secretly entering into an agreement with the Italians. In 1937-1940 Chiang depended almost entirely on the Soviet Union for air assistance but he and Dr. Kung kept American interest alive in case the Russians withdrew their mission. Finally in 1940-1941, Chiang appealed for a British as well as an American air mission. In each case, Chiang used foreign partnerships to enhance the prestige of China and the image of the KMT regime as seeking the 'best' from western technology and military standards.

In practice, however, Chiang either did not want to or did not know how to integrate foreign and Chinese air organisations. In 1933-1936 competition between Italians and Americans undermined the effectiveness of both. The lines of responsibility between the Soviet air mission and the Chinese air organisations were never clearly drawn. As a

result, the Soviet advisers took over all air operations but at the same time most of their personnel remained segregated from Chinese counterparts. Equally ambiguous was the chain of command which linked the CAF, the CoAA and the Generalissimo. Regional CAF units in theory were autonomous to defend themselves yet subject to Chiang's authority. Since initiatives might be countermanded by the Generalissimo, there was little incentive for individual officers to take defensive or offensive action : the air force was not interested in heroics as P.T. Mow made clear to R.S. Aitken in February, 1939.

The US State Department turned a blind eye to the activities of Americans in China and the state of the Chinese Air Force in order to preserve a barrier between commercial interest and foreign policy objectives. In 1928-1937 the Department went to some lengths to demonstrate its disinterest in Chinese military aviation to prevent any impression of official US government support for it. Under Cordell Hull, Far East policy was oriented towards appeasing Japan and avoiding entanglement with China. During the first year of the Sino-Japanese war, the Roosevelt Administration showed no sympathy for China as a victim of aggression. Only when war with Germany began to threaten European allies did the Administration begin to change its Far East policy.

The prospect of Japan taking advantage of a European war to seize colonies in the Far East induced Roosevelt and Hull to relax their hard line on China . In their eyes, it became an essential buffer, a vast territory in which the Japanese had to stay 'bogged down.' The Administration introduced measures which were designed to bolster Chiang's morale without losing sight of national interest. A Tung oil loan of US\$25 million towards the end of 1938 benefitted the American motor vehicle industry : the Chinese were obliged to buy American trucks to haul goods over the Burma Road into China and Tung oil out of Yunnan to fulfil the terms of the agreement. In May 1939 the decision by the State Department to intervene in the Patterson contract and thus promote aircraft sales to China reflected a desire to protect the interests of US manufacturers. At the same time, however, Hull and Hornbeck believed that they were helping Chiang to secure the planes which they believed he both needed and wanted. Hence, just before the outbreak of war in Europe, the Administration established the principle of 'plane aid' for China although not in the quantity which it provided to France and Britain.

Terms such as plane aid or ‘all aid short of war’ were misleading. Roosevelt’s policy amounted to nothing more than offering certain allies priority to acquire aircraft ahead of the US military. Furthermore France and Britain had to pay hard cash. Therefore, by the end of 1940 ‘plane aid’ had nearly bankrupted Britain. Nonetheless the Administration and its allies considered this entirely commercial arrangement as a form of assistance and a powerful political gesture. Through sales of aircraft, Roosevelt expressed support for Europeans and opposition to Germany.

Early in 1939, the Nationalists appear to have reached the conclusion that aircraft procurement could provide visible evidence of US support for China. American willingness to sell planes to China sent a message not only to Japan but the Soviet Union. As Chiang’s diary and other sources reveal, he found the Russians difficult and their arrogance towards the Chinese humiliating.¹²²² Chiang did not want Stalin to believe that his regime was entirely dependent on his helping hand. Despite statements to the contrary, Chiang feared that Stalin might try to exact political or territorial concessions which would undermine the Nationalist regime and Chinese sovereignty.

There was a link between the Patterson Contract and China’s relations with the Soviet Union. In the first half of 1939, Chiang’s representatives faced tough negotiations for a third large credit with the Soviet Union. To enhance their bargaining position and avoid being viewed as ‘beggars’ the Chinese pretended that they had the means to buy as many planes from the United States as they expected to receive later that year from the Soviet Union. Towards the end of 1938 Chiang and Dr. Kung exploited the political momentum provided by the Tung Oil loan (the first US loan since the Cotton and Wheat loan of 1933) and revived negotiations with American aircraft brokers – shunned during the previous year when Russian planes and personnel flowed into the country. Through this ruse, they hoped to create the impression that the United States was rapidly moving towards greater support for China than was actually the case and that Roosevelt might assist Chiang in the same way as he assisted Britain or France – through sales of aircraft and materiel.

¹²²² HISU, Chiang Diaries, Box 39, Folder 18 entry for 3 & 4 December, 1937

Unlike Britain or France, however, Chiang did not have the funds to pay for American aircraft nor did he wish to pour any more resources into his 'rotten' air force. If Chiang had wanted planes, Dr. Kung would have bought them straight away from both Pat Patterson and Bill Pawley. But Chiang had no need for equipment because he had already given up on the CAF and intended to rely on foreign assistance – Russian while it lasted and American or British thereafter. At the same time, however, he hoped to improve the standing of China in Stalin's eyes : the negotiations with Pawley and Patterson for nearly 300 American airplanes were proof that the US government and US aircraft firms accorded China the same status as European allies. There was an unexpected bonus when the US State Department intervened in the Patterson contract, thus making even more explicit the evidence of American goodwill.

The main reason which Hull and Hornbeck offered for meddling in the Patterson contract was the need to protect American aircraft manufacturing interests but they also presumed that the Nationalists needed and wanted planes for the war with Japan. They never considered the possibility that Chiang no longer wanted to spend money on the air force or that contract negotiations might have another purpose than the procurement of much needed planes. In September 1939 Bill Pawley told Hornbeck in so many words that there was no point in selling planes to China because they would be wasted. He also hinted that his own business in China was coming to an end. In the winter of 1939-1940 Pawley was looking for a way out of China. His cultivation of the British eventually paid off when he and Walchand established assembly operations in India. His interaction with British authorities also inspired their trust in his capabilities which became an asset for Pawley once the AVG project began to progress in the summer of 1941.

The proposals which Bruce Leighton submitted to the US Navy in the first half of 1940 also represented an effort to salvage Intercontinent's China business. His idea (inspired in part by Dr. Kung) was to use the Loiwing factory as the hub for a air guerrilla corps to be employed by China as well as her neighbours – the Dutch East Indies, British Burma and Singapore. Like George Westervelt in 1932, Leighton formulated a commercial strategy in the language of military strategy which appealed to the US Navy. Leighton's close relations with senior Naval officers was instrumental in counteracting the somewhat wary attitude which US government officials and the

Chinese delegation displayed towards Bill Pawley. In mid-January 1941 Frank Knox turned to Leighton to handle recruitment and logistics. With considerable tact and firmness, Leighton countered that the airpower programme for China could not be managed by one man : the organisers either had to accept Intercontinent or abandon the project.

In the winter of 1940-1941 President Roosevelt and his advisers decided to use airpower to deter Japan on the basis of a threat perception. They had no understanding of military aviation. There is little evidence that they consulted their own military experts apart from General Marshall who was no better informed about the complexity of air operations than civilian leaders. Morgenthau appears to have accepted Soong and Chiang's assurance that China had the necessary airfields to accommodate the largest American heavy bomber available, the Flying Fortress. They all underestimated (as Clement Keys had years before) the problems of projecting American airpower into China. Morgenthau believed that he could organize a bombing mission within a month and that it might so stun the Japanese people that their government would capitulate rather than retaliate. When Stimson and Marshall pointed out the risks of his proposal, Morgenthau continued to believe that three fighter squadrons could be organized almost as rapidly as a small bombing unit to distract Japan from its alleged spring advance on Singapore.

The absurdity of the entire concept was further underlined by the fact that the British did not perceive the threat to Singapore which so alarmed Roosevelt. When the threat perception evaporated in February 1941 after Eugene Dooman's surprisingly effective warning to the Japanese Foreign minister, the original rationale for the AVG collapsed. The Administration, however, remained saddled with a small mercenary air force which Roosevelt treated it as an unwanted child. As a note to Lauchlin Currie in May 1941 illustrated, the President became highly ambivalent about air aid for Chiang: China had surfaced as a priority in January 1941 but when the temporary crisis was resolved, it slipped back down the scale behind Britain and the US military. It was only after Pearl Harbor, when the volunteer pilots made their mark in combat, that the Roosevelt administration acknowledged the AVG and took credit for its victories.

In the interwar period, Americans and Chinese were often at odds over issues which had an aviation dimension, particularly US government restrictions on American personnel working in China and the provision of any direct military assistance. There were two occasions, however, when American and Chinese interests fully coincided: in the spring of 1932, Soong and American aviation interests shared a common desire to create an air defence force for resisting (and possibly bombing) Japan; in December 1941 Chiang and Roosevelt embraced the idea of a direct aerial attack on Japan.

Westervelt had a vision of firebombing Japanese cities as retaliation for the Japanese bombardment of Shanghai in 1932. In 1934 Chiang acquired Northrop bombers and also ordered Martin twin engine bombers with the capability to reach Taiwan and Japanese territories in the South China. His air adviser Claire Chennault was equally obsessed with bombing Japan as had been his idol Colonel Billy Mitchell. When Chiang appealed for air assistance in the winter of 1940-1941, he stressed the urgency of aerial attacks on Japan from China. The pre-occupation with bombing Japan cut across private ambitions as well as national interests: it connected the politics of airpower in interwar period to the final surrender of Japan in August 1945.

As the historian Christopher Thorne observed in *Allies of a Kind* (1978) – there was a persistent myth before and during World War II that the United States government and the American people cared about China.¹²²³ Soon after Pearl Harbor the AVG/Flying Tigers became part of the myth of Sino-American friendship: publicists and historians used the group as proof of Roosevelt’s prescience and desire to help China resist Japan *even* before Pearl Harbor.¹²²⁴ Research for this study, however, suggests that Roosevelt’s priority was to help Britain rather than China in 1940-1941. The diversion of P-40s from Britain to China, however, came close to creating an awkward diplomatic incident. Through indirect channels, Roosevelt allowed the British to regain control over the planes which they had been forced to give up. The airpower programme for China evolved into air support for British colonies in the Far East – in line with Roosevelt’s priorities and Bruce Leighton’s original idea of a guerrilla air unit.

¹²²³ Christopher Thorne, *Allies of a Kind, The United States Britain and the war against Japan 1941-1945* (Oxford, 1978), p.23

¹²²⁴ Utley, *War with Japan*, p.136

For close to sixty years, most of the American historians who have commented on the politics of airpower in US-China relations have insisted that the American road to China was lined with good intentions. Sino-American interaction, however, was characterised more by mutual misunderstanding than mutual interest because their economic and political circumstances were too different for either to make a clear commitment to the other. Furthermore as long as the Roosevelt Administration was at peace it could not understand the exigencies of war which China and Britain suffered. What brought the United States and China together was their common hatred for Japan and a desire to bomb it into submission. In every other respect, America's twisted road to China was lined with political self-interest over which, since Pearl Harbor, historians have paved layers of good intentions.

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